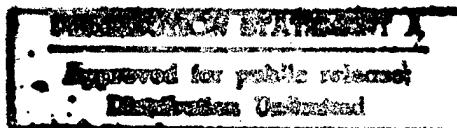


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21 July 1982

CHINA REPORT

ECONOMIC AFFAIRS

No. 249

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NATIONAL POLICY AND ISSUES

RELATIONSHIP OF DEVELOPMENT STRUCTURES VIEWED

HK281100 Beijing RENMIN RIBAO in Chinese 11 June 82 p 5

[Article by Zhu Jiaming [2612 0857 2494] and Huang Jiangnan [7806 3068 0589]: "On the Relationship Between the Readjustment of the Scientific and Technological Structure and the Industrial Structure"]

[Text] In 1979 the party Central Committee and the state council laid down the principle for national economy, that is "readjustment restructuring, reorganization and upgrading." Of the four, "readjustment" is the core. Basically, it means readjusting the economic structure, thoroughly changing the serious imbalance in the national economy and letting the national economy develop in a planned and proportioned way. We have carried out economic readjustment in the past few years, and the serious irrational phenomena in the economic structure have improved. Changes in the industrial structure are especially outstanding, in implementing the strategic plan of harmonizing the development of scientific technology with the economy and society, we must attach more importance to the readjustment of the scientific and technological structure.

Since scientific technology is a productive force, readjustment of the national economy should include the readjustment of the scientific and technological structure. Because the industrial structure is the basic factor in various elements in the national economy and has a definitive effect on other structures, the readjustment of the scientific and technological structure should meet the needs of the industrial structure. Without question, the rationalization of the scientific and technological structure is sure to give impetus to the improvement of the industrial structure.

What then is the scientific and technological structure? How can it suit the readjustment of the industrial structure?

Viewed vertically, the scientific and technological structure consists of three things: Basic research, research on application and research on development. Viewed horizontally, it also consists of three things: Research on state security, research on welfare and research on production development. Scientific and technological structure is an organ with a knowledge aspect and a physical aspect. Research on application and development has an internal relationship with the industrial structure that should not be ignored, because technological breakthroughs brought about by applied research are always in the vanguard in

opening up new industrial fields and development research transforms the results of basic research, mainly applied research, into a productive force and thus into new products. This is done through intermediate experiments, popularization experiments and production experiments.

The scientific and technological structure should meet the needs of the industrial structure. This means two things. First, from the viewpoint of the scientific and technological structure, we have to strengthen research in applying and research in developing. In fact it means strengthening research in applying technology. Second, from the standpoint of the scientific and technological structure, it means strengthening the connection between state security, people's livelihood and production development. According to the concrete problems of our country, the scientific and technological structure does not meet the needs of the industrial structure. This is evident in two ways. First, research on application and development does not suit the needs of readjustment and development of the industrial structure. For example, we have acquired foreign advanced technology, but we could not digest it fully and instantly, and could not combine it with our own technology to improve it, condense it and raise it to a more advanced technology to promote our production development. This shows that development research in our country is a weak point. This is because in the past we did not pay attention to development research. We were short of capital and research technicians and administration were imperfect. Second, the research on state security and welfare are divorced from the research on production development. In our country, for instance, on the one hand, the industrial department of national defense concentrated large scientific and technological forces and formed a definite scale of productive force--the successful launching of missiles, satellites and rockets. On the other hand, in the majority of daily necessities, either in the means of subsistence or means of production, we are short of new technology, new materials and new crafts that are most essential. The results of advanced technology in national defense were not transferred to other production fields in due time. Meanwhile there were also irrational phenomena among the three types of research. With regard to production research, in the readjustment of the national economy, there were many economic and technical problems that needed to be solved but were not pinpointed in time. For instance, opening new energy sources and conserving those sources are major problems. The above analysis shows that the readjustment of the scientific and technological structure is most necessary.

In order to readjust the scientific and technological structure, first of all, we must regard this readjustment as one of the component parts of the present economic readjustment and bring it into line with the general plan of readjustment. Then we must correctly and proportionately arrange the basic research and research on application and development. Considering the affairs of our country, we must not ignore basic research, and priority should be given to key points. More attention should also be paid to research on application and development. We must open up new work, but more stress should be specially placed on the development of production techniques available in the world which suits our country. We must strengthen research on this subject, fully exert creative spirit and gradually upgrade the basis of application. We must also tackle key problems concerning those technical items that economically effect the national economy, for example, items which open up new energy sources and

conserve it; modernization of railways; and complicated technical problems to be solved in mass production of color televisions, etc. All these important key items should be component parts of the state five year plan.

The readjustment of the scientific and technological structure must be combined with the reform of the scientific research system and the whole national economic system. Along with the progress of the unification of industrial enterprises, we can gradually and in a planned way develop specialized companies and at the same time establish unions of industry and scientific research, union companies and research units (centers) in our country.

Now it seems that the readjustment of the scientific and technological structure must not only get rid of those ideas that exclude the scientific and technological structure from the economic structure, but we must also avoid those ideas that regard scientific activity as superior to economic development. We must understand that the orientation and importance of scientific and technological research should be based on different levels and stages of economical development. If we recklessly seek "high class, fine rate and advanced level" and merely regard the catching up and surpassing of the world's advanced economy as our objective, it would be a disadvantage to economic development.

Here we put forward one summarized target to examine whether or not the results of scientific technology are reasonable, that is, the transformation of scientific technology. The transformation of scientific technology is the proportion of scientific and technological results transformed into production, and the end result. According to the condition of our country, the transformation of scientific technology is far from those developed countries. This should be changed by readjusting the structure of scientific technology in our country.

Like the readjustment of other structures in the national economy, the readjustment of the scientific and technological structure requires a great deal of time and great efforts. We are sure, with the development of the readjustment of the scientific and technological structure, scientific technology will be more and more prominent as an impetus to economic construction. The imbalance in scientific technology and economic and social development will then be greatly changed.

CSO: 4006/502

NATIONAL POLICY AND ISSUES

HEILONGJIANG YANG YICHEN AT WORK CONSOLIDATION MEETING

SK290655 Harbin Heilongjiang Provincial Service in Mandarin 1100 GMT 28 Jun 82

[Excerpts] According to our sources, after an 8-day session, the Heilongjiang Provincial meeting sponsored by the provincial CCP Committee on consolidating work ended recently. At the meeting, participants summed up the work progress achieved in the former period, exchanged experience gained in this regard and worked out plans for further consolidating work.

The meeting stressed: In conducting work consolidation, it is necessary to regard party rectification as a central task, the struggle against serious economic crimes as a major mission and ideological education as key links, as well as to hold as the final purpose the effort of achieving certain progress and better results in the economy and effecting a turn for the better in party workstyle and social morale and order in politics.

Attending the meeting were secretaries from various prefectural and municipal CCP Committees and the discipline inspection commissions; directors of the organizational departments; and responsible comrades of a number of county CCP Committees and provincial level departments, offices and committees. Speaking at the meeting were leading comrades of the provincial CCP Committee including Yang Yichen.

The meeting noted: Over the past 5 months, the province has achieved unity in thinking of the importance of an overall consolidation and has scored remarkable achievements in dealing blows at serious economic crimes. The province has upgraded economic returns and has scored a rapid speed and fine quality in the spring farming. During the January-May period, the province scored a 7.5 percent increase in industrial output value over the figure of the corresponding 1981 period and 14.6 percent increase in financial incomes. All of this has shown that the province has taken a turn for the better in the party's work style and social morale and order and has made an initial breakthrough in consolidating work throughout the province.

The meeting urged the party committees at all levels throughout the province to make all-round arrangements and to strengthen their leadership over the work. Efforts should be made to closely cooperate with each other and achieve mutual encouragement. While doing a good job in conducting work consolidation, in

specific units it is necessary to exert all-out efforts to consolidate work in an area as a whole. Efforts should be made to proceed the work from the actual situation and refrain from seeking uniformity in conducting work consolidation. However, it is imperative to draw up a plan for consolidating specific work so as to define a work schedule for tackling certain problems this year. Efforts should be made to upgrade the standard of leadership at units where cadres have stayed in order to conduct investigations and give full scope to thier advisory role. It is necessary to regard the work consolidation as a key to successfully making overall arrangements for work in various fields so as to carry forward the work consolidation throughout the province in a thorough way and advance various work successfully.

CSO: 4006/503

NATIONAL POLICY AND ISSUES

BRIEFS

RESTRUCTURING ECONOMY--According to a Shijie Jingji Daobao [word economic report] report, Chinese economic workers and theorists in the past few years have held enthusiastic discussions on theoretical questions concerning the structural reform of the economy. Many academic meetings of this nature have been held in Beijing and various provinces and municipalities. Many academic articles and ideas have been published. The general objective is to find a Chinese way to reform the economic structure in a way that is based on Marxist principles, reflects the experiences and lessons in socialist economic construction of our country and other countries and is suited to China's conditions. To further develop discussions on these significant theoretical questions, the state commission for restructuring the economic system and the economic research center of the state council recently held a mobilization meeting. Xue Muqiao, Yu Guangyuan, Zhou Taihe and others spoke at the meeting. Today's Shijie Jingji Daobao carries excerpts of their talks in its second page. [Text] [OW300825 Shanghai City Service in Mandarin 2300 GMT 27 Jun 82]

CSO: 4006/502

ECONOMIC PLANNING

'SHAN XI' MEETING DISCUSSES REVENUE WORK

HK260636 Taiyuan SHANXI RIBAO in Chinese 16 Jun 82 p 1

[Report: "Provincial Government Holds Forum on Revenue Work"]

[Excerpts] On the morning of 14 June, the provincial government convened a forum of responsible comrades of the provincial planning, economics, and finance committees and the industry and communications and finance and trade departments and bureaus, to sum up the situation in revenue work in the previous period and discuss measures for accomplishing more than half the year's revenue task in half the year.

The meeting held, the province's revenue situation has been very good this year. By 10 June the province had fulfilled 44.65 percent of its budgeted revenue, showing a rise of 27.99 percent compared with the same period last year. Dividing this into categories, enterprises income fulfilled 44.05 percent of the year's quota, showing an increase of 41 percent compared with the same period last year; and industrial and commercial tax revenue fulfilled 48.88 percent of the year's quota, showing an increase of 21.01 percent.

After discussion, the meeting demanded that the province carry out the following tasks in order to fulfill more than half the year's revenue task in half the year:

1. Seriously implement the spirit of the provincial government's 6 June telephone conference on industry and communications, grasp production with one hand and profit accumulation on the other, and do still better in production in June.
2. The departments and bureaus concerned must attach importance to promoting revenue work.
3. Get a good grasp of clearing revenue arrears. It is particularly important to help the enterprises clear their external loans. Debts between enterprises should also be cleared.
4. Strictly observe financial and economic discipline. All departments and units must accept the lessons of the problems that cropped up in enterprise fiscal work last year, resolutely act according to discipline and regulations, and get a strict grasp of increasing revenue and economizing expenditure.

CSO: 4006/502

AGGREGATE ECONOMIC DATA

BRIEFS

JIANGSU INDUSTRIAL OUTPUT--Jiangsu continued to achieve a sustained growth in its industrial output value in May with an 8.8 percent increase over May 1981. The total output value for the first 5 months of 1982 increased 13.2 percent over the same period last year. The province's financial revenue in May was 5.57 percent more than last May; for the first 5 months of 1982 it was 15.36 percent more than in the same period last year. [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Jun 82 OW]

QINGHAI'S INCOME DISTRIBUTION--There were 11 counties and cities in Qinghai Province whose average per capita income distribution from the collective was over 200 yuan in 1981. They were Madoi, Tianjun, Qumarleb, Golmud, Zhidui, Gangca, Maqen, Henan, Dulan, Ulan and Qilian. Madoi County ranked first in average per capita income in the whole country with 474.8 yuan. According to statistics, this province had 2,484 basic accounting units whose average per capita income exceeded 150 yuan. Basic accounting units whose average per capita income exceeding 300 yuan increased from 237 in 1980 to 413 in 1981 and units whose average per capita income ranging from 200 to 500 yuan increased from 61 in 1980 to 115 in 1981. [SK291058 Xining Gansu Province in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/502

ECONOMIC MANAGEMENT

REPEL 'OUTFLANKING ATTACKS' BY ECONOMIC CRIMINALS

HK301255 Beijing Ribao in Chinese 23 Jun 82 p 3

["Jottings on Party Work Style" column by Liu Guochang [0491 0948 2490]: "Be Alert Against 'Outflanking Attacks'"]

[Text] In our society, most of the economic criminals who want to succeed must have the "support" and "help" of leading cadres, otherwise, they will not be able to attain their goal. Therefore, before starting anything, their first step is to rope in by hook or by crook a leading cadre to be their patron. Their methods are nothing more than "direct engagement" and "outflanking attacks." "Direct engagement" is to fire sugar-coated bullets directly at the cadre. This trick is well known to people and they are more or less on the alert. However, an "outflanking attack" is to work on the relatives of the cadre first, and then drag the cadre into the mire. Although people have heard of this trick, some of them have often not taken necessary precautions.

For the sake of finding a "protective umbrella," the swindler Ma Xiguang, who practiced bribery in the Tiefert mining region of Liaoning Province, became very friendly with the relatives of Liu Ying, secretary of the party committee of the mine. He sent presents directly to his house for his wife and children. After a while, as their relationship improved, Liu Ying also granted all his requests and gave him the green light. For the sake of making "connections" Zeng Zhen shan, one of the criminals of the motor vehicle reselling case in Henan Province, took exceptionally "good care" of the relatives of Lu Yaokuan, deputy section chief of the general motor vehicle bureau. Even the medical expenses of Lu's mother, father-in-law and nephew were taken care of. Consequently, he successfully weaved his "web of relationships."

Some of our leadership cadres are still able to hold out against the "direct engagement" of the criminals. However, they are always defeated by "outflanking attacks." They cannot withstand the pleas of their wives or the instigations of their children. They have often said "just this once, don't do it again." But in the end they still give the green light to the criminals.

People call this kind of situation "henpecking" or "tracheitis" (bossy wife) [a homonym in Chinese]. This simplistic attribution of the problem to personal character, despite the implication, still has the defect of being too superficial. The basic reason for the defeat of these cadres is because they have

removed the necessary weapons and proper vigilance from their minds. They have forgotten the position of a leading cadre and the various tests which ensue from it. When setting a strict demand on themselves, they have overlooked the problem of also setting a strict demand on their relatives at the same time as to prevent this "stronghold" of the family from being captured.

Zhao Yi, a historian of the Qing Dynasty, in his work "Eunuchs of the Ming Dynasty," using the situation of the taking of bribes by some Ming officials, said in conclusion: "Bribes follow the group in power." Although this standpoint has its limitations and one-sidedness, it nevertheless resourcefully points out the relationship between bribery and power. When a leading cadre takes on certain responsibility and holds certain power, he will be constantly assailed with bribes and presents. What attitude to take in dealing with them is a question the leading cadre himself and his relatives must seriously solve. The cadre not only must strictly discipline himself, but he must also pay attention to educating his family. When his family members have been duped and try to intercede for some one, he must stick to his principle and resolutely hold out against them. As for the relatives, they must keep a clear head and repel such "outflanking attacks" together. They definitely cannot be conceited about being the relatives of a leading cadre, and much less can they, because of this, take bribes and help the criminals.

CSO: 4006/507

ECONOMIC MANAGEMENT

NEI MONGGOL MEETING HEARS REPORT ON ECONOMIC OFFENSES

SK260937 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 25 Jun 82

[Excerpts] The 12th session of the standing committee of the 5th Regional People's Congress held its plenary meeting on the morning of 25 June to hear reports by the regional higher people's court and the regional people's procuratorate on implementing the decision on dealing blows at serious criminal activities in the economic sphere. Ke Ligeng, vice chairman of the regional people's congress standing committee, presided over the meeting.

Li Wenjing, president of the regional higher people's court, delivered a report on the implementation of the decision. He said: Since the beginning of this year, our region's people's courts at all levels have earnestly implemented the state decision on dealing blows at serious economic crimes, done a lot of work and scored definite achievements. By end of April, our region's people's courts at all levels have accepted and heard 827 economic criminal cases and have handled 749 cases. Some people's courts have selected important, exemplary and educational cases for open trials in an effort to frighten the criminals and to educate the masses. After the promulgation of the decision of the national people's congress standing committee on dealing blows at serious activities in the economic sphere, over 230 economic criminals throughout the region surrendered themselves and confessed their crimes frankly to the pertinent departments prior to 1 May.

Han Shijin, chief procurator of the regional people's procuratorate, delivered a report on the implementation of the state decision. He said: To resolutely deal blows at serious economic crimes, the procuratorates at all levels, while making arrangements for professional procuratorial work, persisting in the consolidation of the public security and comprehensively doing all procuratorial work well, have stressed economic procuratorial work and strengthened this work in terms of leading ideology, the energy of leaders, organizational force and work arrangements. They have earnestly investigated and handled a number of serious economic criminal cases. Of the 208 cases on file for investigation and prosecution, 73 have been handled. Through their handling of economic cases, the procuratorates have retrieved 340,000 yuan for the state. In addition, the public security departments were given approval to arrest 187 economic criminals.

Ting Mao, chairman of the regional people's congress standing committee, and Gao Zengpei, Liu Chang, Qi Junshan, Bao-ri-le-dai and E-qi-er-hu-ya-ke-tu,

vice chairman of the regional people's congress standing committee, attended the meeting. Shi Guanghua, vice chairman of the regional people's government, and responsible persons of departments concerned of the regional CCP Committee discipline inspection commission, the regional construction committee, the financial and trade office, the public security and financial departments and the industry-commerce administrative bureau and the environmental protection office as well as responsible persons of various municipal, banner, county and district people's congress standing committees and various league administrative offices and organs of the regional people's congress standing committee, attended the meeting as observers.

Group discussions were held on the afternoon of 25 June.

CSO: 4006/507

ECONOMIC MANAGEMENT

LIAONING ON PUNISHMENT OF SERIOUS ECONOMIC CRIMES

SK270352 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 26 Jun 82

[Text] According to our reporter (Wang Junsheng), the Liaoning Provincial experience-exchange meeting on investigating and dealing with serious crimes concluded on the afternoon of 25 June. The meeting urged leaders at all levels to exert all-out efforts to combat the slack mood and work style of giving only vague and general guidance and to concentrate on making a breakthrough in serious crimes.

The meeting has summed up and exchanged the basic experience gained in dealing blows at serious economic crimes throughout the province in the past 5 months and has studied policy problems in the struggle. The meeting contended that the developing progress in dealing blows at serious economic crimes throughout the province was rapid and sound and that the struggle against them had resulted in better efficiency. The province has cracked 1,684 economic crimes and confiscated over 5.5 million yuan of illegal earnings. However, the meeting noted that the struggle's development was not even. Leaders at all levels are urged to pay special attention to combating the slack mood and work style of giving only vague and general guidance and to concentrate on making a breakthrough in serious and major cases. They should follow the responsibility system enacted in investigating these serious cases, assume personal charge of the case and exercise concrete leadership in dealing with the case.

Localities and units which have lagged behind in the struggle should make efforts to disseminate the documents and decisions concerned issued by the central authorities, reinforce their power in dealing with cases and adopt effective measures for strengthening the weak links and uncovering problems to change the backward situation as soon as possible.

The meeting stressed: In launching the struggle, efforts should be made to strictly adhere to the proper focus of the struggle and have a correct grasp of policy. Cases which have violated the criminal laws and the party's discipline should be strictly dealt with according to law to ensure implementation of the decisions.

The meeting urged localities throughout the province to take the struggle against serious economic crimes as an important task for conducting education among the people on combating the corrosive influence of bourgeois ideology

and for advancing party and workstyle rectification and the work in various fields. Efforts should be made to thoroughly block the malpractice of leading cadres who seek private gains by taking advantage of their post and designate a number of advanced units and individuals who have never been tainted with corrosive influences.

CSO: 4006/507

ECONOMIC MANAGEMENT

'SHANXI' MEETING DISCUSSES ECONOMIC CRIME

HK190548 Taiyuan SHANXI RIBAO in Chinese 6 Jun 82 pp 1, 3

[Report: "Provincial CCP Committee holds report forum demanding concentrated efforts on investigating and handling major and important cases, carrying out in depth the struggle to hit at serious economic crime]

[Excerpts] The Shanxi Provincial CCP Committee held a report forum on hitting at serious economic crime from 1 to 5 June. The various prefectures and municipalities exchanged information and experiences in investigating and handling major and important cases, analyzed the current existing problems, and studied arrangements for the next step. The meeting demanded that the party committees at all levels strengthen leadership, concentrate forces for swift investigation and handling of major and important cases, and carry out this struggle in greater depth.

Provincial CCP Committee Executive Secretary Li Ligong and Secretary Zhu Weihua listened to reports delivered by leaders concerned of the prefectures and municipalities, and also joined in the discussions with them. The meeting unanimously held: since implementing the "urgent circular" of the central authorities and the "decision" of the CCP Central Committee and state council, Shanxi has scored initial success in the struggle to hit at serious economic crime. According to the statistics reported at the meeting, the province has exposed over 1,440 cases of economic crime, of which over 270 involve sums exceeding 10,000 yuan and over 140 involve sums between 5,000 and 10,000 yuan. The province has transferred over 5,000 case-handling personnel to deal with these cases. The handling of 158 cases has now been completed and over 1.4 million yuan and large quantities of goods have been recovered. According to further verification, over 600 people in the province have given themselves up and returned over 700,000 yuan together with other goods including gold, and silver dollars and automobiles.

The meeting participants seriously analyzed the problems that have cropped up in this struggle. The main one is that the handling of the major cases already exposed, especially those involving certain leaders, has been ineffective and slow. The main reason for this is that certain leading comrades lack sufficient understanding of the importance of this struggle and a strong sense of responsibility. Some of them hold that economic cases are complex, and so they are afraid of and flinch from the difficulties; some are awaiting the

restructuring of the organs and deal with things in a passive way instead of taking positive action; some worry about personal gain or loss, are afraid of this and that, make all kinds of excuses and equivocate; and there are also certain individual cadres who do everything possible to clamp down the lid because they are not clean themselves. The party committees at all levels must attach a high degree of importance to these problems.

In order to get a good grasp of major and important cases and press forward the struggle in greater depth, Comrade Zhu Weihua put forward five demands in his summation speech:

1. The leading cadres at all levels and the comrades of the whole party must further study the "decision" of the CCP Central Committee and state council, to enhance their understanding and unify their thinking.
2. The struggle against serious economic crime is a major task today and also for a long time to come. It is not just the business of the discipline inspection departments or the case-handlers; the whole party must get to work and strengthen leadership. The party committees at all levels must put this affair in an important place on their agenda, and the numbers one and two men must personally be concerned for it, while the leaders assigned to take charge of this work must personally get to work and provide direct command.
3. Concentrate forces, grasp the key points, and make rapid breakthroughs in major cases. In the near future each prefecture, municipality and county must tackle one or two or two or three major cases, make rapid breakthroughs, and complete the handling of them. It is all the more necessary to get a relentless grasp of cases involving major organs and important cadres, act with stern impartiality, conduct the most thoroughgoing investigations, and deal severely with these cases.
4. Carrying out internal rectification, putting systems on a sound basis and blocking loopholes constitute an important aspect of hitting at economic crime. The majority of the serious cases of economic crime exposed so far are related to the chaotic internal management of our state organs, enterprises and units and the lack of sound systems there. In particular, in the banking system and certain units directly handling money and goods, the lack of sound management measures or the failure to abide by regulations leave a loophole for certain law-breakers in society and certain corrupt and degenerate elements in the party. Hence all units directly handling money and goods, and especially the banking system, must formulate thoroughly effective management measures on the basis of investigation and study. They must both uphold the party policy of opening up to the world and enlivening the domestic economy and also block the existing loopholes.
5. Get a good grasp of carrying out anticorruption education for the cadres and masses, especially the party members. We must step up education in communist ideology and the legal system within the party and among the party cadres, especially the middle and high-ranking cadres and their sons and daughters and relatives.

CS0: 4006/505

ECONOMIC MANAGEMENT

HEBEI RADIO ON INTERCEDING FOR ECONOMIC CRIMINALS

HK291503 Shijiazhuang Hebei Provincial Service in Mandarin 0400 GMT 22 Jun 82

[Station contributing commentator's article, "In Striking Blows at Economical Criminal Activities, It Is Necessary to Curb the Malpractice of Interceding for Economic Criminals"]

[Excerpts] The article points out: In the course of striking blows at economic criminal activities, a large number of good party members and good cadres who handle matters impartially, are upright and never stoop to flattery, have emerged in all places. However, some cadres have not clearly understood this struggle which has a bearing on the prosperity or decline and rise or fall of our party and country, have not exposed and struggled against offenses of smuggling, peddling smuggled goods, graft, receiving bribes and encroaching upon state property and under various pretexts, have even interceded for these offenders and cleared them of their charges. They have done so using the following four pretexts:

First, it is all right when one knows one's mistake, one corrects it and does not repeat it. It is not necessary to investigate and affix criminal responsibility. Here, it is essential first to clearly distinguish between a crime and a mistake. The so-called mistake is a general error and does not contravene the law. Smuggling, peddling smuggled goods, graft and receiving bribes exceed the scope permitted by the state law and constitute crimes. Offenders must be punished in accordance with the law. Moreover, when one knows one's mistake, one corrects it and does not repeat it. This is merely a pretext to clear offenders of their criminal responsibility. This can only encourage offenders to feel secure and reckless in the knowledge that they have strong backing. This will sabotage our cause even more.

Second, as the problem occurs at the lower level and the responsibility lies with the upper level, it is all right just for the leaders to make a self-criticism. It is unnecessary to investigate and affix responsibility to the party concerned and deal with him. This is a pet phrase of some responsible comrades for interceding for their subordinates. When their subordinates commit a crime, leaders surely have responsibility. Self-criticism and understanding are indispensable. However, the law is not a trifling matter and committing a crime is not generally just committing a mistake. This is not a matter of understanding. Since the party concerned has violated the law, he

should be punished in accordance with the law. If their subordinates commit a crime, leaders just dispose of the matter only by understanding and making a self-criticism. The offenders can still go scot-free. The law becomes a mere scrap of paper.

Third, as veteran cadres rendered meritorious service in the past and were repudiated in the cultural revolution, it cannot be regarded as a major matter if they are now keen on gaining a petty economic advantage. It is unnecessary to seriously investigate and affix responsibility to them. No doubt, veteran cadres really rendered meritorious service to the revolution and construction. The party and the people will never forget this. However, we must clearly distinguish between merit and demerit and between right and wrong. We cannot regard yesterday's merit as a reason for violating the law and discipline. Conversely, because they are veteran cadres, they must be law-abiding and serve as models of virtue for others. Some experienced all kinds of hardships in the past and must know that today's achievements are hard-earned. Not only have they not added a brick or a tile to the four modernizations but, as veteran party members, veteran cadres and veteran revolutionaries, they have concocted various pretexts, appropriated public property by graft and bribery and encroached upon state money and property at will. They have given dinners and gifts with state money and received bribes. They have committed embezzlement, sought personal gains by virtue of powers and done nothing without a profit. None of this is permitted by party discipline and the state law. Everyone is equal before the law. Therefore, whoever they may be, they must strictly abide by it.

Fourth, is it now not necessary to implement flexible policies and to enliven the economy? It does not matter that one seeks a bit of personal gain. We must clearly understand that implementing flexible policies presupposes adhering to the four basic principles and enlivening the economy is also carried out within the scope permitted by the party policies and the state law. Relying on crooked ways to become wealthy and using unhealthy trends to enliven the economy are unlawful activities. Offenders deserve punishment imposed in accordance with the law. Although the ways of interceding are different and the reasons are different, they do nothing but clear offenders of their economic crimes. None of these reasons are tenable. Why are people willing to be interceders? First, some people have not sufficiently understood the significance of striking blows at the criminal activities in the economic field. Second, some people are not upright themselves and are implicated in the cases and fear that when the responsibility is investigated and affixed, they will be involved. Some people are old colleagues and old acquaintances of the offenders or their fellow villagers, neighbors, relatives and friends and have found it difficult to decline their request.

The commentary points out: The malpractice of interceding for economic criminals is an expression of the impurity of the party spirit and a serious unhealthy trend. Discipline inspection departments at all levels of the party and political and legal organs must impartially enforce the law, not save face nor open the back door. No matter where the malpractice of interceding for economic criminals occurs, they must resolutely resist it. They must severely and mercilessly punish those offenders and resolutely do a good job of the struggle against crimes in the economic field.

CSO: 4006/505

FINANCE AND BANKING

NEI MONGGOL MEETING HEARS FINANCIAL REPORT

SK290453 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Jun 82

[Excerpts] The 12th Standing Committee Meeting of the 5th Autonomous Regional People's Congress convened a plenary meeting on 27 June. The meeting heard a report prepared by the regional people's government on the region's 1981 final accounts of revenues and expenditures and the 1982 budget. It also heard explanations on the draft of a provisional regulation on environmental protection and management, which has been formulated by the regional people's government.

Gao Zengpei, vice chairman of the Regional People's Congress Standing Committee, presided over the meeting.

Entrusted by the regional people's government, (Li Lin), director of the regional financial department, reported on the region's 1981 final accounts and 1982 budget and submitted the report to the meeting for examination. (Li Lin) said: On balance, the region's 1981 situation on revenues and expenditures was good. With the help of the planned central subsidies, we achieved a balance of revenues and expenditures with a little surplus. In addition to funds earmarked for specified purposes to be spent next year, we had a balance of 5.09 million yuan. In discussing the 1982 draft budget, (Li Lin) said: The guiding ideology on drafting the 1982 budget is to continue implementing the principle of readjustment, restructuring reorganizing and upgrading the national economy, the policy of developing forestry and livestock breeding as the key link and promoting a diversified economy and the guideline on increasing financial revenues by promoting production and improving economic efficiency. Attention was paid to continued strict control over the scale of capital construction, accelerating the transformation of the backward state of border areas and somewhat improving the livelihood in both urban and rural areas on the basis of developed production.

The 1982 draft budget calls for a total revenue of 440 million yuan and a total expenditure of 1,733,520,000 yuan. The 1982 revenue figures shows a real increase of 5.8 percent over 1981. The expenditure figure, as calculated in terms of comparable items with the 1981 budget as the base, represents a 19.1 percent of increase.

(Li Lin) said: Nearly half of 1982 has elapsed. The overall situation for implementation of this year's budget is that the implementation of the revenue plan has been progressing as scheduled. This is a gratifying phenomenon rarely seen in recent years.

Ting Mao, chairman of the regional people's congress standing committee, and vice chairman Ke Ligen, Liu Chang, Qi Junshan, Bao-ri-le-dai and E-qi-er-hu-ya-ke-tu attended the meeting. Shi Guanghua, vice chairman of the regional people's government; Li Wenjing, president of the regional higher people's court; and Han Shijin, chief procurator of the regional people's procuratorate, attended the meeting as observers.

CSO: 4006/502

FINANCE AND BANKING

BRIEFS

XINJIANG TAX WORK CONFERENCE--The Xinjiang regional conference on tax work which recently concluded demanded that the region strengthen the centralized and unified management of revenue and strive to increase revenue. In accordance with the report made by the Ministry of Finance and approved and transmitted by the state council on strengthening tax work and in accordance with the spirit of the national conference on tax work, the conference laid stress on the discussion of the issues of how to further strengthen tax work and how to ensure overfulfillment of quotas for collecting industrial, commercial and salt taxes. The conference was held in Urumqi from 24 May to 3 June. Regional CCP Committee Secretary Qi Guo and regional people's government Vice Chairman Liu Zimo attended and spoke. [HK101423 Urumqi Xinjiang Regional Service in Mandarin 1650 GMT 8 Jun 82]

HENAN CURRENCY WITHDRAWAL CIRCULAR--The Henan Provincial People's Government recently issued a circular demanding that all places seriously do well in withdrawing currency and strictly controlling money put into circulation. The circular demands that the province vigorously supply industrial products to rural areas to do well in withdrawing currency, strictly control credit loans and so well in procuring agricultural and sideline products and urban and rural savings. [HK301448 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 24 Jun 82]

SHANDONG RURAL SAVINGS--The total savings deposits in rural areas of Shandong Province was 2.6 billion yuan by the end of May this year, 350 percent more than in 1976. [SK020546 Jinan Shandong Provincial Service in Mandarin 2300 GMT 30 Jun 82]

CSO: 4006/505

MINERAL RESOURCES

BRIEFS

HENAN MINERAL MANAGEMENT DECISION--The Henan Provincial People's Government recently issued its decision on strengthening the management of the sources of mineral products. The decision demands that all places quickly take effective measures to resolutely curb the malpractice of indiscriminate extraction of minerals and to protect the mineral resources. It is necessary to resolutely implement the relevant state law and policy on the protection of the resources of minerals, prohibit all units and individuals from unlawfully extracting minerals, further improve and perfect the management system, formulate strict procedures of examining and approving the issuing of permits for the extraction of minerals, strengthen leadership over the extraction of minerals by communes and brigades and extract and utilize mineral resources in a planned way. When it is essential to cooperate with other provinces in extracting mineral resources in this province or to jointly extract these resources with other provinces, the arrangements must be made by the provincial government in a unified way. Without approval, no units or individuals are allowed to transport or sell these resources to places other than this province. It is imperative to strengthen the management of geological data and do well in administration and tidying up social order in mining areas. [HK010817 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/507

INDUSTRY

'SHANXI' HOLDS INDUSTRY TELEPHONE CONFERENCE

HK230428 Taiyuan SHANXI RIBAO in Chinese 8 Jun 82 pp 1, 4

[Report: "Provincial Government Holds Telephone Conference Calling on Workers on the Industry and Communications Front to Make Still Greater Efforts"]

[Text] Production of industry and communications of the province has, on the basis of successive growth in the first 4 months of this year, set a new May record. The total industrial output value amounted to 1.1338 billion yuan for the whole province in May, a 3 percent increase over April figures and a 16.3 percent increase over May figures last year. Up to the end of May, the total accumulated industrial output value of this year amounts to 5.27771 billion yuan, 42.2 percent of the year's plan, and a 16.4 percent increase over the same period last year.

In May of this year, the output value increased in 9 of the 11 prefectures and cities in the province, including increases of over 5 percent in the 6 cities and prefectures of Taiyuan, Yangquan, Changzhi, Yanbei, Luliang and Yuncheng. There was a 17.05 percent growth compared with May of last year in the machinery industry and a 12.5 percent growth in the coal industry, which recorded a new high in monthly output. In the chemical industry, there was a 23.6 percent growth compared with May of last year. Half of the entire year's plan has been fulfilled, 1 month ahead of schedule for the half-year. In the 2d light industry system, there was a 15.17 percent growth in the period from January to May compared with the same period last year. According to the statistics for output of 45 major products in the province, over 42 percent of the entire year's plan have been fulfilled in 40 products, and over 50 percent of the entire year's plan has been fulfilled 1 month ahead of schedule in sulphuric acid, caustic soda, iron pyrites, ferromanganese and beverages and wines.

The great achievements scored in May this year are first of all due to the straightening out earnestly carried out in the enterprises and departments of industry and communications of the whole province in accordance with the instructions of the central authorities. Initial achievements have already been recorded in the 238 enterprises run by the province, prefectures and municipalities listed for key straightening out this year. Second, following the instructions of the state council, a lot of work has been done and some achievements recorded in extensively carrying out the activities of "safety month." Especially in May, the standing committee of the provincial party committee

specifically discussed the problem of how to reverse the situation of losses and deficits and raise the economic returns in industrial enterprises. An urgent notice was issued demanding a fundamental change in the loss and deficit situation in some industrial enterprises during June, July and August. Following the instructions of the provincial party committee, great importance has been attached to it by the leadership of various departments and various prefectures and cities. They have taken up the task themselves and organized forces to conduct a serious investigation and study and analyse the loss and deficit in the enterprises of their own departments and areas. They have used the methods of appointing a person in charge of a factory, assigning responsibility to individuals and setting a deal for solving the problems, thus, grasping the work of reversing the losses and deficits. More than 10 industrial departments and bureaus under the direct leadership of the provincial authorities have made decisions to send 147 comrades to help work in the enterprises which have suffered serious losses and deficits. Those comrades have arrived at the enterprises one after another to start doing a solid job in reversing the loss and deficit situation. Meanwhile, the leading cadres of various levels have changed their style by going deep into the enterprises to handle business on the spot and resolve some tricky problems.

In order to further improve industrial production, the provincial people's government held a telephone conference on the evening of 6 June. Comrade Wang Kewen, secretary of the provincial party committee, presided over the conference and delivered a speech. He said the situation in industrial production from January to May this year was good. He hoped it would be better in June, with a record-breaking monthly output set this year. The quotas for major products should be met and the cost of the products should be low. The quality of the products and safety measures must be improved. The enterprises which have suffered losses and deficits should be improved to make profits. There will be a comparison and assessment in July. Good enterprises will be praised and rewarded. Special attention should be paid to control and management work. Reports on special topics should be written by the units which have achieved initial effects in straightening out the enterprises, the problems of building the leading bodies, tidying up labor discipline, and the establishment and improvement of economic responsibility systems. The socialist labor emulation drive should be thoroughly grasped in a prominent way.

At the telephone conference, while summing up the experience in production in industry and communications in May, Yen Wuhong, provincial vice governor, put forward the following suggestions on arrangements for doing well in industry and communications production in June.

1. We must continue to maintain a good rate of production in June and strive for fulfilling the half-year quotas within the first 6 months of the year. The chemical industry departments must emphatically organize production increases of chemical raw materials in short supply as sulphuric acid, caustic soda and soda. The small fertilizer enterprises must produce more products. The machinery industry must positively take up the task of contract work and ensure better on-schedule service for the coal industry in quality and quantity. In the metallurgical industry, importance must be paid to the production of steel products, iron products, copper ore, crude copper, electrolytic copper and

electrolytic aluminum. In the textile industry, we must thoroughly grasp the production of dyeing cloth and cotton prints for summer. In light industry, we must grasp well the production of sewing machines, bicycles, Fenjiu wine, summer beverages and foodstuffs. In the 2d light industry system we must vigorously increase the production of small merchandise, medium and small agricultural implements and playthings for children. In the coal industry, we must carry out production according to plan and emphatically arrange the relations between the operation, movements and maintenance of the combined coal extraction machines. We must achieve balanced output and do our utmost to upgrade the quality of coal and lower costs by raising the energy recycling rate, and also guarantee safety in production. In the electric power industry, we must strengthen maintenance work in a planned way and operate carefully. We must control the business with flexibility and do our utmost to ensure safe operations and avoid accidents. In railway transportation, we must continue to fully tap the internal potentials and accelerate the progress of technical improvements in the difficult sections and areas. We must increase the capacity of railway movement and transportation and rationally arrange the proportion between the transportation of coal and other goods. We must carry out the drive for "the people's railway to serve the people" so as to truly meet the requirements of excellent service, respecting the passengers and caring for the shipping and handling of freight.

2. It is necessary to solve the problems of enterprises which have suffered losses and deficits, and raise economic returns. It is necessary for the various departments and areas to take immediate measures and make strenuous efforts in June, July and August to basically reverse the loss and deficit situation. This is an important task put forward by the provincial party committee at present. As the central task of the present work, it should be grasped well and thoroughly, and should yield good results. It is also necessary to continuously grasp well the work of profit-making enterprises. We must do our utmost to work for more profits and more revenues for the state. As for those enterprises which have suffered serious losses and deficits, lack a market for their products and a guarantee of raw material supplies, and engage in duplicate production at high production costs, it is necessary for us to be determined in halting their production and closing them down.

3. It is necessary to grasp well the overall straightening out of the enterprises. Leading comrades at various levels must go deep into the masses to conduct investigations and sum up experiences so that they can discover problems and promptly solve them. We must treat the building of good leading bodies in the enterprises as an important issue in straightening out the enterprises. We must be determined in rectifying those lax and weak leading bodies which have not been united for a long time. It is necessary to adhere to the basic principle of collective leadership by the party committee, democratic management by the staff and workers and the administrative orders of the factory manager so as to gradually build up a leading system with both democracy and centralization. It is all the more necessary to earnestly study the experience of the capital iron and steel plant and make the economic responsibility systems sound and perfect.

4. It is necessary for us to further develop economic and technological coordination with the coastal provinces and cities. Facts have shown that this is an important channel for the development of the economy of our province. We must, on the present basis, conduct profound investigations and surveys and make a concrete study so as to draw up relatively overall and long-term plans according to different trades and areas.

5. It is necessary to improve leadership style and strengthen leadership in the production of industry and communications. The leading comrades at various levels must ideologically shift to raising economic returns. It is necessary for us to help practically solve some problems of the enterprises and thoroughly grasp safety in production. It is necessary for the departments of electricity, railway, material supply, commerce, and supply and marketing to improve work style and go deep into the enterprises to conduct study and gain a better understanding of the situation in production in industry and communications. We must provide positive support and close cooperation, and do a good job of forming links and cooperation between manufacturing and marketing in industry, commerce and trade. We must take combined efforts to raise economic returns.

6. It is necessary to continue education in the economic situation and incessantly strengthen ideological and political work for staff and workers. It is necessary to organize the staff and workers to study the "regulations for rewards and penalties of staff and workers" and "rules for staff and workers" to pave the way for overall implementation.

7. It is necessary to carry on deeply and widely the socialist labor emulation drive of comparing, learning from, catching up with, helping and overtaking others.

8. It is necessary to make early arrangements for problems which may arise during the rainy season and summer harvest.

At the end of the telephone conference, Wang Xi, provincial vice governor, delivered a speech. He made arrangements for handling the oversupply of mechanical and electrical products and made concrete demands.

CSO: 4006/502

INDUSTRY

BRIEFS

JIANGXI TEXTILE INDUSTRY--Jiangxi Province's textile industry has developed rapidly in the past two decades or so. Today, the province has some 270 cotton, hemp, woolen, silk, chemical fiber and synthetic fiber textile mills and enterprises with a total capacity of 400,000 spindles and an annual cotton cloth output of 320 million meters. The total output value of the province's textile industry has increased 30 percent annually in the past 3 years. [Beijing in Mandarin to Taiwan 0830 GMT 9 Jun 82 OW]

HUBEI MACHINERY PRODUCTION INCREASES--The total machine-building output value of Hubei Province from January to May this year was 5.3 percent more than in the corresponding period of 1980 and the profits submitted to the state in this period were 120 percent more than in the same period of last year. Machinery production in the province continues to increase in June. The total value of machines exported by the province from January to May this year was 140 percent more than in the corresponding period of last year. As a result, the province earned some \$1 million in foreign currency for the state. The province has now exported 56 kinds of machinery and many large machines have now been exported to industrially developed countries. [HK281447 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 26 Jun 82]

CSO: 4006/502

CONSTRUCTION

LIANG BUTING VISITS CONSTRUCTION SITE

SK300223 Xining Qinghai Provincial Service in Mandarin 2330 GMT 28 Jun 82

[Text] Construction of the Longyangxia hydroelectric station has entered a new phase. Pouring of concrete into (Nanhe) dam began as of the afternoon of 28 June, a day which will become another one commemorated in the annals of the development of the Huanghe River. Construction workers of Longyangxia hydroelectric station, who have gone through all kinds of hardships and difficulties, rejoiced at the important turning point--large-scale pouring of concrete into the (Nanhe) dam was about to begin. They planted colorful banners on the construction site, put up progressive slogans and awaited the arrival of the important moment as it were a jubilant festival.

At 1545 hours, (Liu Hailun), deputy director of the 4th bureau under the Ministry of Water Conservance and Power and concurrently general director of the construction site, announced the commencement of the pouring of concrete into the dam. [Begin recording] I hereby announce the commencement of the pouring of concrete of the construction project of the Longyangxia hydroelectric station. We ask Comrade Liang Buting, first secretary of the provincial CCP Committee, and Zhao Haifeng, secretary of the provincial CCP Committee, to cut the ribbons. [End recording]

Listners, let us now provide you with a brief introduction to the big dam across Longyangxia and the construction of the power station. The (Nanhe) dam across Longyangxia is a concrete gravity arch dam. It includes a main dam, auxiliary dams and a gravity axle. The front edge of the dam is about 938 meters long. The largest dam is 175 meters high and is 80 meters at its widest. Longyangxia hydroelectric station has a designed annual power generating capacity of 5.98 billion kwh, saving 2.4 million tons of coal annually. Its power output will be mainly supplied to Qinghai and Gansu Provinces. A long-range plan to have the station connected with the Shaanxi power grid is under consideration. Longyangxia is the first [word indistinct] in the upper reaches of the Huanghe River. In addition to producing power, it is also responsible for preventing flooding, irrigation and other tasks. The dam will begin to retain water in 1984 and generate power the following year.

CSO: 4006/507

CONSTRUCTION

BRIEFS

NEI MONGGOL DIVERSION PROJECT--The Nei Monggol Regional People's Government recently appropriated 3.8 million yuan to build a water diversion project in Dongsheng District, Ih Ju League, to help solve water problems of local residents. The daily water consumption for residents and factories is over 7,000 tons, and this league can only supply 4,000 tons. The league administrative office is now organizing the labor force to do prospecting and designing work. It is estimated that the first phase of the project will be completed before October 1983. [SK210800 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 20 Jun 82]

HENAN RIVER MAINTENANCE--To ensure safety through the flood season, the lower reaches of the Huanghe River have stepped up construction projects. Since the beginning of this year, some 30 municipalities and counties along the lower reaches of the Huanghe River in Henan and Shandong Provinces have mobilized approximately 200,000 laborers working on public projects and used some 1,000 machines to consolidate large embankments, repair dangerous sections of the river and reconstruct dams. By the beginning of June, they had completed 19 million cubic meters of earthwork in consolidating big embankments and 130,000 cubic meters of stone work in repairing dangerous sections of the river. They had also planted 2.1 million trees. The quality of work this year is generally better than last year. At present, the flood season of the Huanghe River has come and all places must step up the completion of their unfinished projects. [Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 24 Jun 82 HK]

XIAN GROUP VISITS JAPAN--Headed by (Li Tingdi), vice mayor of Xian Municipality, the Xian Municipal Urban Construction Investigation Group which comprises six people left Xian by train on the afternoon of 21 June for Nara in Japan via Beijing to conduct investigation. The group will also visit Kyoto, (Tu Jinzhang), (Liu Ji), (Yan Ming), (Feng Yanru) and Lei Xing, vice mayors of Xian Municipality, and responsible comrades of provincial and municipal foreign affairs offices saw them off at the station. [HK250717 Xian Shaanxi Provincial Service in Mandarin 0500 GMT 22 Jun 82]

CSO: 4006/505

DOMESTIC TRADE

BRIEFS

HENAN SUPPLY, MARKETING WORK--In the course of readjustment, the supply and marketing work of commune and brigade enterprises in Hunan Province has gradually developed. At present, the province has set up 117 supply and marketing companies and 95 specialized companies, such as construction material and mineral product companies, of commune and brigade enterprises. The annual turnover amounts to 240 million yuan. Meanwhile, many communes and brigades have set up collective shops. The province has set up 1,700 commune shops and retail departments and some 6,000 brigade supply and marketing centers and shops with an annual turnover of 110 million yuan. Under the guidance of the state plan, commune and brigade enterprises with market information to organize production and the supply of raw materials, to promote the sale of products and to contribute toward the development of commune and brigade enterprises. [HK010725 Changsha Hunan Provincial Service in Mandarin 1100 GMT 28 Jun 82]

CSO: 4006/507

FOREIGN TRADE

THEORETICAL ISSUES IN FOREIGN TRADE DISCUSSED

Beijing GUOJI MAOYI [INTERNATIONAL TRADE] in Chinese No 3, Mar 82 pp 22-25

[Article by Wang Liewang [3769 3525 2598]: "How to Research Theoretical Issues in China's Foreign Trade"]

[Excerpts] 3. The Search for China's Foreign Trade Theory

We will proceed from foreign trade practices in summing up experience and searching out rules, a path from practice to theory, and then use the theory to give guidance to practice. Foreign theories might sometimes be able to explain some Chinese issues, because human production activities and social experiences have a common base. However, each nation has its own individual conditions and when foreign theories cannot explain an issue they definitely cannot be used to guide our practices.

It is very difficult to find a theory which explains overall conditions in our import-export trade.

1. Although our foreign economic and trade relations pay close attention to economic accounting, they also must pay close attention to political relationships. Foreign trade must be matched with foreign relations, and the various nations of the Third World must be distinguished as enemies or friends and treated accordingly. The decision regarding those countries with which we can trade and those countries with which we cannot trade or with which we can only have limited trade is not determined by the advantages or disadvantages of trade itself but rather is considered by the national policies regarding individual nations.

2. We need to import large quantities of goods and materials to satisfy our production and livelihood needs. Under the guiding principle of self-reliance, needs should be supplied whenever possible by domestic production and only that portion which is domestically unavailable should be imported. When production conditions are deficient or when production costs are too high and the loss outweighs the gain we should use exports in trade for imports, and where exports are insufficient we should try to use foreign capital as a supplement or reduce the import. After we achieve production for export increases there is the possibility of obtaining a balance of trade or even a favorable balance of trade, with no need of relying on foreign capital. Our national plan and foreign trade policy always place an import-export balance in a position of primary importance. Of course, a balance in imports

and exports cannot be used inflexibly to determine the balance in imports and exports of goods, but ought to be included within the scope of the balance of regular international payments and receipts or the foreign exchange balance. Expanded exports are one strategic device for arriving at a foreign exchange balance. The major portion of export goods and materials must be taken away from our domestic requirements. Whether or not the goods obtained in trade can compensate for the loss of the goods and materials taken away from our domestic needs is an issue which must be decided by weighing the value of the exchange and by considering the value of their use. We have only recently broadened our policies and are not self-sufficient. There is no country on the face of the earth which can be self-sufficient--all are caught up either consciously or unconsciously in the international division of labor or in the international economy. In the 1950's, we imported 156 items from the Soviet Union and Eastern Europe, so when we set about to become self-sufficient we strove to obtain foreign aid as supplements. International conditions later became tense and changes in international relations took place. War was declared to be unavoidable so the national economy was placed on a war preparations basis. On the foreign scene we could not participate in the international division of labor, and domestically we divided the nation up into independent economic areas, each with its own independent system, so that when the enemy attack came each economic district would be able to produce weapons as well as produce food and thus conduct warfare independently. Moreover, we consciously regard the international division of labor as Khrushchev's "revisionism." Originally, there was conflict in the people's thinking concerning the international division of labor and self-reliance. After the "anti-revisionist" movement began, no one dared speak of the international division of labor as it had become a "restricted area." Our ideological development from self-reliance to "self-sufficiency" took place on the foundation of a "war preparation economy" (Be prepared for war, be prepared for disaster, do everything for the people). We are now implementing a policy of fewer restrictions in order to promote international cooperation to accelerate the four modernizations, and this is entirely necessary. But, from the point of view of war preparations, we cannot overemphasize the "rational element." No matter what, in the two vital areas of foodgrains and energy, we must make adequate calculations and preparations to avert peril. The current conditions in Poland have dealt a blow to the process whereby the nations of the Council of Mutual Economic Assistance were achieving economic integration more advanced than that of the international division of labor, not to mention even more serious international incidents. As for the few instances of declines in foreign trade in 1960-62 and 1967-69, as well as the great destruction in production strength caused by the Great Leap Forward of 1958-59 and the 10 years of chaos starting in 1966, such events cannot be described as ideological creations of the policy of "self-sufficiency."

3. In considering our war preparations we must promote our advantages and avoid our shortcomings and must give vent to our superiorities. Our superiority in exports is our labor intensive product; however, this single superiority cannot function as a principle to guide our policy of expanded exports. We need to export more of this type of product in order to increase foreign exchange and to increase the revenues of our working people, and this is correct. However, the

export of such products is limited by the needs of the international marketplace so that if there is excessive production the goods cannot be sold, and great quantities will then amass in storage. Strengthened planning and avoidance of blindness are important principles for the development of socialist superiority. The direct export of labor services, development of the export of natural resources and development of the tourist industry all can attain the goal of giving vent to our superiorities and expanding our exports.

4. The superiority of socialism must also be shown in foreign trade. However, this superiority is not spontaneous. To be controlled, the mechanisms of socialism must be matched with various human talents possessing socialist awareness and knowledge of social science and natural science. They make complete investigations regarding development and transformation of affairs and materials and make certain predictions which enable us to make proper preparations to derive benefits and avoid losses. Foreign trade is a component of the national economy and cannot develop as an independent entity. Our export trade will continue to increase its proportion of the overall value of national production. This tendency is not limited to China but also is occurring in other nations as a natural consequence of the increasingly close ties of the international division of labor and of international economic relationships.

5. China's foreign trade has "three battlefronts," each with its own special features. At present, the largest portion of our foreign trade is with developed capitalist nations. A comparison of the economic strengths on both sides shows great disparity, especially in economics, even though there is political equality. Their portion of the "mutual benefit" is greater, while ours is lesser. The amount accruing to each nation is determined by its rate of labor productivity. In capitalist production relations the basic factor determining distribution is the exploitation of labor by capital.

Our trade with the Third World and with the Soviet Union and Eastern Europe is conducted on the basis of bilateral trade. Bilateral exchange agreements started from scratch in the 1950's. The structure for the bilateral import and export of commodities fixed prices on the principle of high import prices and high export prices, which is to say that the prices for commodities imported and exported were relatively higher than those of the capitalist nation marketplaces. This was because an exchange of goods on the same price level permitted an exchange of equal value. Later, there was an expansion of trade with capitalist nations and multilateral trade assumed a prominent position. Bilateral trade was affected by this, especially the competition in importing commodities from western nations which altered the flow in our imports and exports, resulting in a contradiction of more exports and fewer imports in our bilateral trade. This left us with a constant favorable balance of trade which we could not make up for either by transferring goods or by paying with free foreign exchange and which consequently became long-term interest-free or low interest loans. However, our bilateral trade with the above-mentioned countries could not all be changed into multilateral trade. Within the present world economic system, bilateral and multilateral trade will continue to coexist for a long time and much research is needed to determine how to make up for the various deficiencies.

6. The development of trade and economic relations with capitalist nations will have definite consequences for our domestic markets and our domestic economy. Contacts between the two different social systems and economic systems definitely will result in friction. With the currency inflation, high prices and floating currency exchange rates of capitalist nations it is impossible to avoid clashes with the commodity pricing and currency exchange rates of socialist nations. With the weekly economic crises and declining production and trade of capitalist nations, the production and foreign trade of socialist nations definitely will be influenced. Ways of dealing with these relationships and their various transformations are an important responsibility of research in foreign trade theory.

7. Changes [must occur] to the development of the foreign trade commodity structure. We hope to make quicker and earlier changes from the simple to the complex, from low level to high level, from elementary products to industrial products and from being labor intensive to being technology intensive. However, the speed of these changes is subject to the limitations of the development of industrialization and the development of the national economy. Of course, foreign trade has the task of promoting production and scientific research. As far as China is concerned, we must pay special attention to the economic results of developing industries to replace the imports and of developing export industries. If we are truly unable to satisfy the people, that is because the enterprise management and the technological level are not suitable, so we must correct such deficiencies in order to attain the greatest possible economic benefits.

8. Following the unbroken development of production, the speedy advances of scientific research and the continual expansion into all areas and all world marketplaces, the number of commodities will be counted in the tens of thousands, production will be internationalized and there will be increasingly greater trade and exchange of commodities. There will be an increase in the service sector of labor, there will be increasingly greater restrictions on international trade and monopolies will steadily grow stronger. Under such complex and confused historical conditions it obviously is inadequate for us to continue to use the theory of comparative costs to guide our foreign trade.

International trade can increase the variety of society's consumer goods, increase the people's income and improve labor production efficiency. International trade and the international division of labor are complementary and mutual results. To a certain extent, the international division of labor is specialization on a national level. However, this is not to say that an agricultural nation will forever remain so or that an industrial nation will forever remain so. Agricultural nations must move toward industrialization--this is a law of historical development. However, a nation's specialization can only be relative and partial. Domestically, we advocate specialization in each and every field and industry and are opposed to being either large and complete or small and complete. As far as any independent nation is concerned, within a certain scope and to a certain degree, actual independence, autonomy and self-reliance spring only from specialization, a variety of fields and industries and a diversified economy. According to the theory of Li Xitu [2621 0823 0956], England can produce only wool and Portugal can produce only wines. This is absolute specialization, but things actually are not like this.

9. The theory of international trade, no matter whether it is the comparative cost theory or the production factors theory, pays more attention to the study of the effect of production costs on the supply of export commodities and neglects the need for import commodities. Around the turn of the century the famous English economist Alfred Marshall developed a theory which established a relationship between the supply and demand of import and export commodities in the belief that a nation's exports should match its imports. Only barter trade was treated in this fashion, because foreign trade must undergo currency exchange just the same as domestic trade, a process of commodities-currency-commodities, which can be divided into two stages, i.e., exports product foreign exchange with no need for immediate imports. The gap between exports and imports is filled by international means of exchange. An analysis of the influences of commodity prices on supply and demand is made to show how to achieve a balance of imports and exports. Such an analysis is part of the economic theory of the capitalist marketplace, and socialist nations which plan for a foreign trade balance also ought to study this issue. When making national plans for a balance in foreign trade we must research both the cost structure of export commodities and the relationship of the need for the import product with the national or macroeconomy, and then make a ranking of the import items according to their importance in order to achieve the greatest possible economic results. Macroeconomics primarily considers the whole of the national economy, especially in terms of long-term benefits or military strategy. Microeconomics is primarily concerned with the profit and loss accounting of an enterprise and is subject to the interests of macroeconomics.

10. The most basic theoretical issue at present is the relationship between world marketplace prices and currency exchange rates. Research should be conducted from the perspective of profits and losses in foreign trade endeavors and of developments in import and export trade. At the same time we should study conditions in commodity exchange. This is an important part of our theoretical studies.

The above mentions only a few problems for consideration by our foreign trade theoreticians. I hope that some discussion will ensue.

11582
CSO: 4006/442

FOREIGN TRADE

JILIN OPENS EXPORT COMMODITY FAIR 25 JUN

SK260845 Changchun Jilin Provincial Service in Mandarin 1100 GMT 25 Jun 82

[Excerpts] The Jilin Provincial Export Commodity Trade Fair opened ceremoniously today. At 1500, participants to the fair gathered in front of the main hall for an opening ceremony. Comrade Zhang Shiyang, deputy governor, cut the ribbon. Invited to the fair were 250 personages in the economic and trade fields from Japan, France, Italy, Switzerland, Singapore, the Philippines, Thailand, Canada, the United States and Hong Kong and Macao.

Since the founding of the PRC, following the development of the socialist construction, our province's foreign trade has been continuously expanding. Especially since the third plenary session of the CCP Central Committee, thanks to our conscientious efforts in implementing the policy of opening to the world, foreign trade has been greatly promoted in our province. Our province has established economic and trading ties with 85 foreign countries and regions of the world. Our 1981 export volume was 7.5 times greater than in 1954, when we began to export. By 1981 the varieties of goods purchased for export had been increased to 575. This export commodity fair will improve our foreign trade to a new level.

With abundant resources and favorable natural conditions, our province still has great potential in foreign trade. The mountainous areas in the central part of our province have long been called the Changbai Sea of Forests. Ginseng, mink and antler--the tree treasures of the northeast China--produced in these areas are famous at home and abroad. With fertile soil and abundant rainfall, the Songliao plain is suitable for diversified production. Jilin's soybeans, grain and oil are famous. The lush pastures in the western part of the province are an ideal place for animal husbandry. We have rich mineral resources with considerable prospects for exploitation. We have a fairly solid industrial foundation and fairly developed vehicle, tractor, cigarette, papermaking, chemical, power, optical, sugar refining, food and timber industries. All these are favorable conditions for our foreign trade and are a good foundation on which we develop it. We should make the best use of our resources and favorable conditions to produce more export goods.

CSO: 4006/507

FOREIGN TRADE

BRIEFS

SHANGHAI PHARMACEUTICAL EXPORTS--Shanghai's No 4 pharmaceutical plant on 2 June received a license issued by the U.S. Food and Drug Administration to market 3 injectable antibiotics, manufactured by the plant, in the United States. They are Liu Suan Ka Na Mei Su [4288 6808 0595 6719 7199 4790], Zhuang Qing Lian Mei Su [7175 8641 6969 7199 4790] and Liu Suan Qing Da Mei Su [4288 6808 1987 1129 7199 4790]. [Shanghai Wen Hui Bao in Chinese 3 Jun 82 p 1 OW]

CSO: 4006/505

LABOR AND WAGES

BRIEFS

HUNAN YOUTH EMPLOYMENT--Hunan Province has set up sugar refineries operated by educated youth in the suburbs of urban and rural areas and achieved gratifying results in arranging jobs for youths awaiting employment. At present, 62 countries and municipalities throughout the province have set up 193 such sugar refineries and arranged jobs for some 15,500 youths in urban areas who were awaiting employment. According to statistics compiled by relevant departments, the average monthly per capita income of the sugar refineries operated by educated youth in the province is now about 40 yuan. [HK240235 Changsha Hunan Provincial Service in Mandarin 1100 GMT 17 Jun 82]

CSO: 4006/502

TRANSPORTATION

GANXU CHECKS CRIMES ALONG RAILWAY LINES

SK220220 Lanzhou Gansu Provincial Service in Mandarin 1125 GMT 21 Jun 82

[Text] Political and judicial departments in Jingtai County, in close cooperation with local railway public security departments, have conducted education in the legal system among members of (Xiquan) commune, set up a railway-commune joint defense organization and adopted a pact on protecting railway lines, thus effectively checking the crimes and unlawful activities of looting and stealing materials carried on the railway.

Since last year, the masses in (Beitan), (Yuliang) and other brigades under (Xiquan) commune have frequented the (Xiquangu) railway station on the Baotou-Lanzhou Railway in groups to loot coal and steal materials carried on the railway. Local and railway public security departments have promptly investigated and dealt with these incidents, but similar occurrences happened again after a while. After earnest analysis and research, the Jingtai County Government and local railway public security department concluded that only by conducting education in the legal system among the masses, enhancing their understanding of the legal system and mobilizing the masses to cherish the people's railways can they expect to put an end to these problems once and for all. Therefore, they organized joint work groups and sent them to the brigades around (Xiquangu) railway station to carry out propaganda and educational work. After extensive and in-depth propaganda and meticulous persuasion and education, many people returned the materials they looted. On the basis of extensive education, they either fined or took into custody those who had taken the lead in the looting and did not show a good attitude in admitting their guilt. After wide-ranging discussions, they also set up a railway-commune joint defense organization and adopted a pact on protecting railway lines urging the masses not to loot in groups, [words indistinct], not to steal materials carried on the railway and to cherish trees lined along railways.

Since this March, no incidents of looting and stealing materials carried on the railway around the (Xiquangu) railway station have been reported.

CSO: 4006/502

TRANSPORTATION

BRIEFS

GUANGZHOU-SHENZHEN-ZHUHAI EXPRESSWAY--The first meeting of the Guangzhou-Shenzhen-Zhuhai expressway joint committee was held in the Guangzhou Dongfang guesthouse this morning. The committee members discussed the plan for the construction of the Guangzhou-Shenzhen-Zhuhai expressway. The meeting announced the namelist of the expressway joint committee members. In accordance with the agreement entered into by the Guangdong Provincial Road Construction Company and Hopewell China Development Limited of Hong Kong, and with the approval of the provincial people's government, Li Mu, director of the provincial communications department, has been appointed the chairman of the expressway joint committee; Gordon Wu, general manager of Hopewell China Development Limited, has been appointed the vice chairman; and Liang Shangli, Xie Ruizhen, Ho Ping-Chang, Pan Yen-shou and Cai Weizhi have been appointed committee members. [HK010954 Guangzhou Guangdong Provincial Service in Mandarin 1100 GMT 29 Jun 82]

TIANJIN HIGHWAY EXPANSION--The expansion of the only highway between downtown Tianjin and Tanggu District is under way. This project is to be completed by 1986. By then the highway will be 28 to 34 meters wide. [Tianjin City Service in Mandarin 0030 GMT 18 Jun 82 SK]

JIANGSU NEW HIGHWAY--The Shazhou-Wuxi Highway in Jiangsu was completed and opened to traffic on 10 June. The highway is 58 kilometers long. [OW141341 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 10 Jun 82]

CSO: 4006/502

GENERAL

'RENMIN RIBAO' LOOKS AT MULTINATIONAL COMPANIES

HK270632 Beijing RENMIN RIBAO in Chinese 26 Jun 82 p 7

[Special commentary by Guo Zhenyuan [6753 7201 6678]: "The Dual Impact of Multinational Corporations on Developing Countries"]

[Text] [Outline] Multinational corporations have a certain positive impact on the economy of developing countries, but they also have a negative impact. Many developing countries have gradually perfected various rules and regulations in accordance with their national situation for both using and restricting multinational corporations and increasing their own economic strength; they have also set up their own multinational enterprises which cooperate with each other, so as to break the monopoly of a few countries. [End of outline]

The ever-growing activity and the major role of multinational corporations in international economic relations since the 1960's has drawn wide attention.

These corporations, which are mainly based in the developed countries of the West, build factories and carry out direct investment abroad, and also exercise centralized policymaking and systematic control. They draw raw material, manpower and markets from the places most favorable for them. The characteristics of their operations are: They step up and develop specialization in production so as to meet intense domestic and external competition; they maintain a growth tendency in manufacturing and also change the traditional property structure; their operations are diversified, with emphasis on one line and simultaneous handling of others, and they break down the boundaries between different trades; over two-thirds of their investment is made between the developed countries, and the investment in developing countries accounts for only about one quarter, with the focus on some 10 oil-exporting countries and relatively rich countries in Latin America and Asia; and they set up various types of joint ventures in the developing countries. Judging by the results of the activities of the multinational corporations, the economy of the host country develops in certain fields and is also controlled in varying degrees. This dual role is all the more evident in the developing countries.

The multinational corporations have a certain positive impact on the economy of the developing countries. First, investment by these corporations can make up for the lack of development capital in the host country and promote the establishment of new industries. During the 1960's and 1970's, a number of new

industrial countries such as Mexico, Brazil and Singapore made bold use of foreign investment. Singapore used direct and indirect investment from multinational corporations to develop its manufacturing sector, and in about 10 years it progressed from the old industries of shoe-making, timber-sawing, paper-making, foodstuff process, and piecemeal assembly to the manufacture and export of domestic electrical appliances, precision machinery, petrochemical products and other modern high-grade goods. There was a tremendous change in its economic situation. Second, the host country is able to import technology and equipment it could not easily acquire otherwise. Much of the equipment brought in by multinational corporations in setting up plants is relatively sophisticated, and these advanced technologies and equipment help the developing countries to master new technological knowledge. Third, the host country can learn some management experiences. The multinational corporations have unique management methods that are able to produce relatively good economic results from the use of manpower, technology and equipment. All things being equal, their output value, profits and other indices are higher than those of local enterprises. The developing countries can increase their knowledge and broaden their vision through direct or indirect dealings with the multinational corporations. Fourth, by making use of the investment and technology of the multinational corporations and engaging in on-the-spot production, processing and manufacture, the developing countries can substitute this for the import of some consumer goods and machinery and equipment, and they can make use of the sales networks and markets of the multinational corporations to promote commodity exports. In addition, employment in the host country is also helped.

However, the negative impact of the multinational corporations on the economy of the developing countries should not be overlooked. By their operating methods of putting up investment for building plants, granting negotiable securities, buying up or taking over local enterprises, transferring technology, drawing up management contracts, running joint ventures and so on, the multinational corporations control a portion of the extraction, manufacturing and service industries of the developing countries. This then turns into all kinds of exploitation and malpractice. At present the developed countries rely on the developing countries to supply more than two-thirds of their fuel and raw materials. The pure profit motive in the process of the multinational corporations' specialized production and sales is prone to cause distortions and imbalances in the economies of the developing countries, with universal corresponding weakness in basic industries and facilities there. The multinational corporations also often transfer to the developing countries factories with high energy and manpower consumption and inefficient equipment, that cause serious pollution problems; such factories have been shut down in their own countries as a result of innovations. This obviously does not benefit the developing countries. Relations between the parent company and its affiliates in the multinational corporations are complex, and they often cook the books and evade taxes by internal transfers of value without letting outsiders know (this is also known as value transfer); and they also juggle with patent right fees, technology transfer fees, profit and reinvestment and so on, thus damaging the interests of the developing countries. According to statistics of the U.S. Department of Commerce, profit on American investment in the developed countries in 1977 was 11.4 percent, but in the developing countries it was 24.9 percent. Apart from that, the international trade volume of the multinational corporations grows

every year. However, because the import and export trade terms are unfair and irrational, the conditions of foreign trade of the developing countries have deteriorated and show deficits year after year. Wages and welfare payments in the factories of the multinational corporations are higher than in similar local trades, and large numbers of people compete to get to work in them. The affiliated companies also hire high-grade technicians of the host country at high salaries, and also keep for themselves the fruits of their research. As a result there is a drain of talent from the developing countries, and the consequences for the economy and technology of the developing countries are bad.

The 1970's was the decade of great development of the multinational corporations. During this period, the developing countries gained quite a lot of experience in dealing with these corporations. In accordance with their own national situation, many developing countries promulgated and gradually perfected their own laws on foreign investment, contracts, taxes, patents, and foreign exchange controls, and issued relevant decrees, rules and regulations. The common feature of these laws is that the multinational corporations are both utilized and restricted, and control and supervision over them have been strengthened.

Another form of the developing countries' struggle against being controlled is to develop their own multinational corporations. These enterprises can practice mutual cooperation among the developing countries; and some of them have broken into the developed countries, so as to break the monopoly of a few countries.

At the demand of the developing countries, the United Nations set up a committee on multinational corporations in 1974 to be responsible for supervising these corporations and studying relevant issues. At present efforts are being concentrated on drawing up "regulations for the activities of multinational corporations," and China too has sent delegates to take part in this work. It is expected that after the "regulations" are approved, the international community will take action to restrict the negative role of the multinational corporations.

CSO: 4006/502

YU GUANGYUAN'S SPEECH AT HONG KONG SEMINAR

HK161509 Hong Kong WEN WEI PO in Chinese 15 Jun 82 p 3

[Speech by Yu Guangyuan [0060 0342 6678] at the seminar on Chinese Enterprise Management: "On the Strategy of Economic and Social Development in China"]

[Text] In a socialist country, the strategy of economic and social development is worked out by, and carried out under the organization of, the Marxist political party which leads the country and the central government which manages the state affairs. No government has, up to now, ever produced a special document to promulgate the strategy of economic and social development it has worked out. But this strategy is concretized in the national plan and in various important measures taken for the fulfillment of the national plan and is expounded and developed in some important documents of the party and government. This is also so in China.

It is a hard and complicated job to scientifically study and work out the strategy for the economic and social development of a country. And it is a social duty of scientists (including economists, sociologists and natural scientists) to use their knowledge and talents to collect materials concerning all the important aspects of a strategy and carry out research, hold discussions, air views and provide the party and government with results of their scientific research.

Over the past year or so, the scientists in China have done a good job in this respect. They have pondered over this matter, presented relevant domestic and foreign data, raised some good questions and aired worthy opinions. Although there is no limit to the development of scientific research, through more than 1 year's study, some viewpoints, which have laid a primary foundation for further scientific research, have been made clear to scientists.

Now most of the scholars in our country are in favor of using the term "strategy of economic and social development" in this respect. Some people are still in doubt about the meaning of this. They hold that since economic life is a part of the entire social life, it is not correct to put these two side by side. It is certainly reasonable to raise such a question. However, if we change the "strategy of economic and social development" into "strategy of social development," the development of the economy cannot be stressed. If it is changed into the the "strategy of economic development," not enough attention will be paid

to social problems. The term "economic and social" is actually an abbreviated form of "economy" and "social life and social relations other than the economy." This does not mean separating "economy" from "society." At the same time, this expression is also acceptable both in Chinese or in Western languages.

Of course, the term "strategy of economic development" must also be affirmed. It has a narrower sense and is only a part, albeit the major part, of the "strategy of economic and social development." This part can become an object of specific study, but cannot be a substitute for the "strategy of economic and social development."

What the Chinese scientists are chiefly studying is not the general theory and principles concerning the strategy of development but the strategy for China's contemporary development. Therefore, the first problem they have met with is how to make clear the basic characteristics of China's development strategy.

Obviously, China's "strategy of economic and social development" is different in principle from the strategy of development in the capitalist countries. It must conform with the nature of socialism and suit the needs of its development. Being a development strategy of a socialist nature, it has the following basic characteristics: 1) this strategy must take as its aim the improvement of the laborers' livelihood and bringing happiness to them. This is determined by the nature of socialism. Bourgeois scholars and politicians also often mouth the same thing, either out of their kindness or out of their political needs, but the nature of the capitalist system determines that such strategic aims as "satisfying the needs of the people" can never be realized under the capitalist system. The strategy carried out by the capitalist rulers is always aimed at serving the interests of the ruling class. Only under the socialist system can the development truly be aimed at bringing happiness to the laboring people. So, although we have noted that some views of foreign scholars on economic development and strategic research, such as those of the A.S.H.A. index system, are good reference for us in this respect, we still have to make clear this difference of principle between the socialist and capitalist development strategies. 2) The aim of development of this strategy should be favorable for the consolidation of the socialist political and economic systems and, at the same time, should include the reform of the political, economic and administrative systems. This is because, in the existing systems, there must be things which are no longer suitable for giving play to the present productive forces and for their further development. If reforms are not made, social problems cannot be solved better. Thus, these reforms are of great importance. 3) This strategy can be executed only by giving play to the superiority of the socialist system. Concrete efforts must be made to truly bring the superiority of the socialist system into play. Only thus can the economic and social life of a socialist country be developed healthily and at a higher speed. 4) The main executors of this strategy are the laborers under the socialist system, and it is the Marxist Party and the government under its leadership who represent their interests and will. Therefore, strengthening the leadership of the party, raising the political, cultural and educational levels of the laborers, giving better play to their roles in the management of the state and enterprise affairs and raising the level of democracy in the state and social life are fundamental guarantees for the realization of this strategy. The role played by education, science and culture in economic and social development is also greatly stressed in the capitalist countries. But in the socialist countries,

as the laborers are the masters of the country and society, this is more significant.

China's "strategy of economic and social development" is certainly a development strategy suited to China's conditions. The most important fact, as was just mentioned is that China is a socialist country. But when we speak of China's conditions, we also refer to some other things. In this sense, the strategy of China's economic and social development is not a general strategy of socialist economic and social development but a strategy of the Chinese-style socialist economic and social development. Just as the scientists have to make clear and adhere to the theoretical principles of scientific socialism in studying the socialist nature of China's development strategy, in order to make China's development strategy suited to the specific conditions in China, the scientists have to study the numerous materials on China's conditions, sum up several characteristics of these conditions which will play a decisive role in framing China's development strategy, and draw appropriate conclusions.

It is not an easy job to accurately and comprehensively sum up the characteristics of China's conditions which will play a decisive role in framing the development strategy. They can be analyzed from various different angles. We must distinguish between the most important and those less important. We must also distinguish between the specific characteristics of China's conditions and those of other countries. Nevertheless, it is not very difficult to do so. What is more difficult is deciding what conclusions should be drawn through practice. I myself also need to make further study on these problems. Here, I would like to say something about some special problems we have come across in developing China's strategic research from the economics angle.

First, China is a country with a population of 1 billion, which is the biggest in the world, and a vast territory covering an area of about 9.6 million square kilometers, which is the third largest in the world after the USSR and Canada. It has a broad sea area along its 18,000 kilometers of continental coastline (if the coastlines of the islands are included, the total length of coastline is more than 30,000 kilometers). It is natural that the strategy of economic and social development in such a big country is different from that in a medium or small country. As the country is big, there are many different characteristics in its development strategy. For example, when the levels of productive forces are about the same (this can be judged through the per capita number of machine tools, electric power production, transportation capacity and other means of labor and the average technological and cultural level of the laborers), the national power of a big country is usually much greater than a small country, and so is its capacity to resist disasters and overcome difficulties. When it is necessary to concentrate enormous manpower and material resources to initiate something, a big country will be superior to a small one. However, more time has to be spent in a big country than in a medium-size or small country to extensively carry out a reform or to popularize and implement a policy or a measure among the masses, due to the many levels between the central authorities and the grassroots and the different situations in various localities. It is also the case when a country is very big that, although the development of import and export trades is necessary, its domestic market is more important than that in a medium-size or small country of the development of its production.

Social needs must also be satisfied chiefly by its domestic products. There is no doubt about the necessity of establishing in such a big country, an independent and complete system of national economy, which consists of all necessary departments.

Second, China's territory can be divided into two parts, the western part and the eastern part. The western part includes the dry areas in the northwest and the high and low areas of the Qinghai-Xizang plateau. This part makes up about 52 percent of China's total continental area but has only 6 percent of the national population. The eastern part, which makes up 48 percent of the continental area and has 94 percent of the national population is an area with a monsoon climate. The economy in the eastern part is comparatively better developed and the per capita output value of the national production in this region in the total output value of the whole country is higher than the proportion of its population in the national population. This makes us consider our problems from the following two aspects:

- 1) Since the economic development in the eastern part, which has a higher population density, plays a decisive role in the economic development of the whole country, it is necessary to develop our national economy primarily on the basis of the development of this region. Therefore, it is necessary to ponder the strategic problems of the economic development in the light of the characteristics of this region, such as large population, insufficient land (especially insufficient cultivated land) and higher cultural and economic levels. Proceeding from this, various conclusions have been clearly drawn one after another. For example, it is necessary to make full use of every inch of land in this region, including the fields on the hills, water areas and odd pieces of land, to produce food and industrial raw materials, while at the same time, greatly developing land products processing industries; it is necessary to develop labor-intensive type industrial and agricultural production and various trades and professions of the knowledge-intensive type; it is necessary to attach importance to the development of various service trades; it is necessary to make further efforts to raise the economic, technological and cultural levels in this region and so forth.

- 2) Since there is vast undeveloped land and rich natural resources (especially mineral resources), which have not been exploited, in the western part of China, the existence of this region is of great strategic significance to the development of China's economy, especially to the long-term economic development. At present, it is our task to study and to begin the exploitation of the western part of China while giving full play to the role of the eastern part, so that the construction of the east and the west can be well coordinated.

Third, in economic and technological development, there is an obvious imbalance between various parts of China. Not only does this exist between the comparatively developed areas and the undeveloped areas, but also exists between the several super-large coastal cities, such as Shanghai, and the large inland cities, between the large inland cities and the medium-size and small cities and towns in the same areas, and between the cities and the countryside. Thus, the strategic significance of coordinating economic development and transferring technology has become obvious. If this potential is brought into full play, the economic development of these undeveloped areas, as well as that of the whole country will be greatly promoted. It is also very important to further raise the economic and technological levels of the advanced areas so that the

less advanced areas can benefit from the technologies constantly transferred from there. Since the cities are centers of their areas (of course, the roles played by some large cities are not limited to their own areas), in order to raise the economic and cultural levels in the countryside, the construction of the cities is extremely important.

Fourth, of the 1 billion Chinese people 800 million live in the countryside. The changes in the economic life of the rural residents, including the changes in production, distribution, exchange and consumption, will certainly have a decisive impact on China's socialist economic construction. The economic development of the countryside, which is a source of raw material for food and other industries, is an important guarantee for the development of China's industry and its cities. There is great potential in this respect. On the basis of their experiences and knowledge accumulated from their long-term practice, the Chinese workers, peasants and scientific workers have created many effective ways and measures to make full use of land in production. More measures are being sought, but if the measures which it has been decided to adopt are adopted, the social wealth will be greatly increased. Moreover, the countryside is the biggest market for China's industrial products. If the per capita monthly income of the 800 million rural residents is increased by 1 yuan, the annual purchasing power will be increased by 9.6 billion yuan. Thus, in order to develop our national economy, it is necessary to pay special attention to the development of the rural economy. It is necessary to attach great importance to the construction of the countryside in our socialist construction. Every measure in production, which can help increase the income of the rural residents, must be taken seriously.

Fifth, generally speaking, there is a big gap between China's technological level and that of the developed countries. It is certainly easier and takes much less time to apply a ready-made technique than to invent or create one. Just as Marx said; we cannot imagine how much time Newton had to spend in discovering the binomial theorem, yet a junior middle school student can now learn it in an hour at school. What a great difference! The great discrepancy between China's technological level and that of the developed countries enables China to use advanced foreign technologies to develop its economy. Although the backward technology is a weak point of our country, it still can be regarded as an advantageous condition for China's economic development. At the same time, the present international situation is favorable for China to import advanced technology from other countries. The open-door policy is an important component part of China's development strategy. Of course, being a big socialist country, China should adhere to the basic principle of independence and self-reliance. The principle of self-reliance does not run counter to the open-door policy. This has been made clear by Premier Zhao Ziyang in his government work report entitled "the present economic situation and the principles for future economic construction": "We should use our domestic resources in the first place and international resources in the second; we should develop our domestic market in the first place and our role in the world market in the second; and we should master two skills, that of domestic economic management and that of foreign trade and economic exchange." The requirements in this report are set down in the light of our policy combining the open-door and self-reliance principles, which are included in our strategy of economic and social development.

What I have mentioned above are only analyses from the economic point of view. The development of socialist life and social relations, which are beyond the economic field, covers a wider range. In this development, there is also something that is of strategic importance. For example, the building of socialist spiritual civilization is an important aspect of socialist construction and an important aspect to be considered in the strategy of economic and social development as well. As everyone knows, spiritual civilization means the development of education, science, cultural, art, public health and physical culture and the orientation and level of the development of social political ideology and ethics. The building of material civilization is the foundation for the building of spiritual civilization. But the latter has great counteraction on the former. As the strategic significance of the building of spiritual civilization, such as the development of education and science, has been repeatedly stressed over the past few years, the level of the people's understanding of this problem has been greatly raised. However, this viewpoint still needs to be further studied, expounded and stressed. The meaning of "education" I have mentioned here is not only the raising of cultural and intellectual levels but also the raising of socialist ideological consciousness and the level of morality. The "science" I have mentioned does not only mean mathematics, physics, chemistry, biology and industrial, agricultural and medical sciences but also social sciences such as economic, political and management sciences. The kernel of building the socialist spiritual civilization is upholding, developing and popularizing Marxism. To put forth such a question of building spiritual civilization is a great pioneering action in world history. In my opinion, the building of spiritual civilization is an important problem in the development strategy and a new idea in the study of development strategy.

The concept of "the strategy of economic and social development" embraces strategic aims, strategic policy and measures to be adopted for achieving the strategic aims. Therefore, when studying the Chinese-style socialist strategy of economic and social development today, we cannot do without studying the present--the beginning of the 1980's--stage of China's economic development and the tasks for it. China will continue to carry out the eight-character policy, that is, the policy of readjusting, restructuring, reorganization and upgrading. Those who have carefully studied China's important documents are sure to have a better understanding of China's present economic situation and the orientation of its economic development. Premier Zhao Ziyang's government work report at the fourth session of the fifth NPC, some remarks from which were quoted above, made a detailed exposition on the questions in this respect. More concrete measures will be worked out in China's sixth 5-year plan.

The "strategy of economic and social development" is the general strategy of a country. Various departments and districts may and must have their own strategies. For example, [words indistinct], there should be strategies for the development of industry, agriculture, science and technology, and economic relations with other countries. For various districts, there should be strategies for the development of a certain district, province or city. These are problems which concern the overall situation of a certain department or district. In this sense, they can be considered as strategic problems. But when compared with the strategy of economic and social development of the whole country, they are only partial strategies under the guidance of the national strategy. Of course, the whole is composed of integral parts. Without the integral parts,

the whole cannot exist. The whole strategy of economic and social development must be concretized and supplemented by many of such partial strategies. This is why, in discussing the strategy of economic and social development of a country, the partial strategies are often concerned. Only we shall not discuss them here.

CSO: 4006/503

WEN WEI PO' GUIDE TO INVESTMENT IN HENAN

HK301151 Hong Kong WEN WEI PO in Chinese 26 Jun 82 p 3

[Feature by correspondent Cheng Hsiang [4453 5046]: "A Guide to Investment in Henan"]

[Text] Henan Governor Dai Suli, Vice Governor Yue Xiaoxia, Chairman of the Provincial Export and Import Committee Wang Bingzhang, Deputy Secretary General of the Provincial Government Huo Ming, Deputy Director of the Provincial External Affairs Office Ji Shuping and other leaders recently granted an interview to this reporter at Zhongzhou guest house in the provincial capital Zhengzhou and gave this reporter a detailed account of how Henan has been developing external economic activities. Governor Dai and other leaders first gave an account of Henan's rich natural resources, existing industrial foundation, energy supplies, transportation facilities, funds, manpower, technology and other conditions as well as the trend of the province's economic development in the past 3 years and said something about the province's plan for a few years in the future. Their narrative constituted a very concise "guide to investment in Henan" and I have here sorted out what they said from the tape recording of their talks.

A) Resources

The area of Henan Province is 167,000 square kilometers and its population is 72.85 million. Its area ranks 19th in the country but its population ranks 2d, next only to Sichuan. It is so densely populated with that there are on average 436 people per square kilometer. This is a relatively high population density for the country.

(1) Agricultural Resources

Henan is an important production base for wheat, soybeans, cotton, sesame and tobacco. The output of these crops are as follows:

Wheat: 22 billion jin, which ranks first in the country;

Soybean: 2.6 billion jin, which ranks second in the country;

Cotton: over 700 million jin, which ranks second in the country;

Tobacco: over 700 million jin, which ranks first in the country and constitutes two-thirds of the national output; and

Sesame: over 300 million jin, which is also in the front ranks of the country.

Besides, there are also other important agricultural products. For example, the number of goats on hand at the end of 1981 was 11 million, which ranked first among the nonpastoral areas in the country. It is also well-known as a producer of medical herbs such as the root of bidentate achyranthes, chrysanthemum, dried rhizome of rehmannia and other kinds of dried herbs. The tea it produces such as Xinyang Maojian tea is well-known throughout the country and enjoys fame abroad.

(2) Mineral Resources

Henan abounds in mineral resources, especially in coal, petroleum, aluminum, molybdenum, gold, soda and marble.

Coal: The province produced 58 million ton of coal in 1981, which constituted one-tenth of the national output and ranked second in the country. Its coal reserves are more than 30 billion tons, which ranks fourth in the country. Moreover, it has all kind of coal in its coal reserves. There are more than a dozen major large-scale coal fields that are located in Pindingshan, Jiaozuo, Hebi, Yima, Xinmi, Yongcheng and other areas.

Petroleum and gas: The Nanyang basin and the area to the east of Puyang are rich in petroleum and gas reserves. The province is gradually exploring and exploiting the petroleum and gas there. At present, the two oil fields there produce 4 million tons of oil every year and there are fine prospects for further increasing output.

Aluminum: The known bauxite reserves amount to 270 million tons and the present annual output of alumina is over 400,000 ton. Both in terms of reserves or of output it ranks the first in the country. The quality of alumina it produces is as fine as that produced in Guiana.

Molybdenum: The province ranks first in the country in its molybdenum reserves, which are clustered in large quantities and thick layers and are of high grade. Moreover, the molybdenum [words indistinct] other mineral resources such as in tungsten, lead, zinc and magnetite.

Gold and silver: Seven areas are known to have gold deposits and eight areas are known to have silver deposits.

Soda: A large-scale soda deposit has recently been found. Its area is 4 kilometers and the soda lies 650-900 meters underground.

The rich mineral resources provide the province with a favorable material foundation for developing external economic cooperation.

B) Major Factors of Production

(1) Industrial Foundation

Over the past 30 years, Henan has established a substantially sound industrial foundation. In 1981, it produced a total industrial output value of nearly 20 billion yuan, which ranked 13th in the country. This industrial foundation consists of 15,000 enterprises, which employ more than 4.5 million industrial laborers. It has all kinds of industries. Machine building, food and light and textile industries produced about 50 percent of the 20 billion yuan of the province's total industrial output value. The rest of the output value was contributed by its coal, metallurgical, petrochemical, building material and other industries. Henan's industrial structure is shown in the following table.

Table of Henan's Industrial Structure

Type of Industry	Output Value million yuan
Machine building	over 4,000
Light and textile	over 4,000
Food	over 3,000
Coal	over 1,000
Metallurgical	over 1,000
Building materials	over 1,000
Petrochemical	about 500
Others	about 3,000
Total	about 20,000

Source of data: Governor of Henan

(2) Transportation facilities

Though there is a shortage of transportation facilities nearly everywhere in the country, Henan is relatively free from this shortage. Henan is located in central China. The Beijing-Guangzhou Railway goes across the province from north to south and the Longhai Railway goes across the province from east to west. Both railways are key railways in the country. The section of the Beijing-Guangzhou Railway in the province is 538.1 kilometers long and that of the Longhai Railway is 568.5 kilometers. A second Beijing-Guangzhou Railway, namely, the Jiaozuo-Zhicheng Railway, that is under construction goes across the western part of the province. Besides, there are also many local railways. The total length of highways that have been opened to traffic amounts to more than 36,000 kilometers, of which 18,951 kilometers can be used in all weather. The civil air traffic is also very convenient because the airlines pass Henan in all directions. The only deficiency is that most of the airliners that pass Henan are small, and this, to a certain extent, restricts the development of the air transportation of the province.

Henan's greatest shortcoming in its transportation is that it has no ports and the transportation capacity of the Beijing-Guangzhou and the Longhai Railways is often mostly taken up by other provinces. In order to solve this problem, the province is vigorously building local railways and at the same time, it is building a seaport in cooperation with Jiangsu Province and plans to supply coal to Jiangsu in exchange for Jiangsu's provision of port facilities. It hopes to further develop its transportation capacity.

(3) Supplies of Energy

At present, energy is a major difficult problem in our country, but owing to the province's resources of coal, hydraulic power and petroleum, there is not a sharp shortage of energy in Henan. The total capacity of the electric energy production installations in the province is 3.374 million kw, of which 3.01 million kw is thermal and 365,000 kw is hydraulic. There are the following major power plants: 1) the Shanmen Gorge hydraulic power station installed with a 250,000 kw generating set; 2) the Pingdingshan power plant, 100,000 kw; 3) the Yaomang power plant, 600,000 kw; 4) the Anyang power plant, 362,000 kw; 5) the Kaifeng power plant, 350,000 kw; 6) the Xinxiang power plant, 150,000 kw; 7) the Jiaozuo power plant, 450,000 kw; 8) the Danhe power plant, 200,000 kw; and 9) the Zhengzhou heat and power plant, 150,000 kw. There will be no shortage of power supplies in the coming few years. At present, an oil refinery of 1 million ton capacity is undergoing construction in the province and the construction is expected to be completed in the latter half of this year. This will further improve the energy supply in Henan.

(4) Labor and Technical Force

The province has a total of 37 million laborers of the right age. Of these 29.74 million are social laborers, most of whom are rural laborers, who total 25.05 million in number. Nine hundred thousand of these laborers are in urban areas. The publicly-owned enterprises employ 3.79 million laborers. There will be no problem of labor supplies. As for technical personnel, there are now 180,000 people in the province who are engaged in natural sciences and technical and professional work. Of these, 50,000 are engineers, 60,000 are medical workers, 60,000 are educational workers, 14,000 are agricultural scientific and technical workers and a few thousands are scientific research workers. There are 110,000 more people who are engaged in social scientific research. Henan is weak in its technical force.

C) Supplies of Funds

In 1981, the province invested a total amount of 1.8 billion yuan, of which 1 billion yuan was allocated by the state and 800 million yuan was bank loans. These funds were mainly used in carrying out technical renovation. Because of the readjustment of the national economy, there has been a reduction in the funds allocated by the state during the past few years and the enterprises and mines have had to raise funds by themselves to make up the shortage. The province plans to draw in foreign investment to solve the problem of shortage of funds.

Although there is a shortage of funds for construction, the province has some financial surplus. Its financial income last year was 3.2 billion yuan, but its financial expenditures were only 2.6 billion yuan. As a result, there was a 600 million yuan surplus. The province's sound finance provides the whole province with a situation of relatively stable prices.

D) Trend of Development in the Past 3 Years

(1) Increase in Industrial and Agricultural Production

Since the 3d plenary session of the 11th CCP Central Committee, our province's speed of economic development has been higher than the national average. In 1981, the national average rate of increase was 4.5 percent, but Henan's rate of increase was 6.2 percent. This resulted from the implementation of the policies of the 3d plenary session of the 11th CCP Central Committee. The province achieved especially good results in its agricultural production. Its grain output rose sharply from 38 billion jin to 46.1 billion jin, which meant an increase of 21 percent. That of soybean jumped from over 200 million jin to 2.6 billion jin and that of cotton jumped from over 3 billion jin to over 7 billion jin. That of oil-bearing crops jumped from over 300 million jin to over 1 billion jin. All this is the manifestation of the change that the implementation of the agricultural policies brought about, which is the reason why the province's economic development was quicker than the national average.

(2) Improvement in People's Livelihood

Since the 3d plenary session of the 11th CCP Central Committee people's livelihood has been improved thanks to the vigorous development of industry and agriculture. The purchasing power in the market has been increasing by an annual rate of 20 percent. The provincial authorities, in doing their work of improving the people's livelihood, have paid attention first to housing. Last year, a total of 70 million square meters of new houses was built in its rural areas and 10 percent of peasants have moved into new houses. In urban areas, 3 million square meters of new houses are built last year which has eased the shortage of housing. Owing to the improvement in people's livelihood, stability and unity prevails in the society.

E) External Economic Activities During the Past 3 Years

Since the 3d plenary session of the 11th CCP Central Committee, our country has been carrying out the policy of opening up to the outside world. In regard to our province, during the past 3 years we have carried out external economic activities in the following respects:

First, increasing the purchases of the goods for export and thus promoting the province's foreign trade.

Before the 3d plenary session of the 11th CCP Central Committee, the total purchases of goods for export in our province amounted to about 300 million yuan, but in 1981, it jumped to 960 million yuan, which meant an increase of two times. However, judging by Henan's potential of resources, this amount of

purchases which was below 1 billion yuan is still too small. Therefore, the potential for future development is very great.

Second, developing tourism. Last year, the province's tourist service catered for 60,000 tourists from abroad and reaped \$1.1 million of foreign exchange. The target for 1985 is to cater for 150,000 tourists and double the income of foreign exchange.

Third, export of labor. Henan was one of the provinces that first undertook large-scale construction projects abroad. It is now building bridges, highways and factory premises in southeast Asia and the Middle East and it plans to send 1,000 more people abroad to undertake construction work. The above-mentioned are the relatively remarkable aspects. As for drawing direct foreign investment, the province has already undertaken a few projects of processing foreign goods and compensation trade. However, as the outside world does not sufficiently understand Henan or know what conditions the province has for drawing direct foreign investment, the progress of the work of drawing in direct foreign investment remains slow.

F) Drawing in Foreign Investment is the Focal Point of Future Development Plans

As for the rate of increase during period of the sixty 5-year plan, last year we achieved a 6 percent increase. According to our estimates, we will be able to maintain this rate of increase this year and next year and it is expected that the rate of increase will rise to 8 percent in 1984 and 1985. This is the general situation.

During the period of the sixth 5-year plan, Henan will go all out to draw in foreign capital in order to fund the construction, expansion and renovation of 500 to 600 projects. It plans to complete 20 to 30 projects. They are listed in the following table.

Table of the Projects for Which Henan Plans to Draw in Foreign Investment to Fund Construction, Expansion or Technical Renovation.

Projects That Lease Foreign Equipment

Lessees	Equipment Leased
Xinxiang Knittery	5 towel knitting machines, 1 cutting and 1 drying machines produced by the British ken bo [5146 0130] company
Xinxiang Cotton Weaving Factory	100 four-color multi-arm jacquard looms
Luoyang Press	1 proof press, 2 foil metalizing machines, 1 four-color offset printing equipment and 4 checking machines.
Luoyang Shoe Factory	131 sheepskin and cattlehide shoe manufacturing machines

Xuchang Cigarette Factory	2 cigarette rolling machines, 1 filter connecting machine and 1 packing machine
Xuchang No 1 Knittery	6 large circular knitting machines and 26 special sewing machines
Xinyang Gushi Gunnysack Factory	A cylindrical gunnysack manufacturing machine
Zhumadian Underwear Factory	7 large circular knitting machines
Changhuan County Shoe Factory	Shoe making equipment
Zhengzhou Cigarette Factory	1 automatic cigarette manufacturing line
Luoyang Woolen Mill	11 major machines for its production
Luohe Cannery	An asparagus peeling machine
Zhengzhou, Bianyang and Luoyang Municipalities	Equipment and technology for making soy milk and bean sprouts
Projects for Which Equipment and Technology is to be Introduced by Means of Drawing in Direct Foreign Investment	
Xinxiang Municipal Textile Mill Spinning and Weaving	
Xinxiang Municipal Zhengxin Spinning Factory	Equipment with 14,940 spindles-compensation trade airflow spinning machinery with 1,400 spindles-compensation trade
Provincial Commune and Brigade Enterprise Bureau	Alumina rotary kiln technology-compensation trade
Kaifeng Tannery	Tanning process technology and equipment-compensation trade
Yifeng Gardening Factory	Low temperature fermenting technology and equipment-joint venture with West Germany
Xuchang Relay Factory	Precision instruments for checking highly efficient equipment-cooperation with UK
Mianchi Alumina Factory	Alumina calcination equipment compensation trade
Zhechuan Marble Mine	Production of marble plates-joint venture through China Trust Company
Zhengzhou Boiler Factory	Advanced technology and key equipment for highly efficient boiler that uses coal-cooperation

Hebi Screw Factory	Internal components of tape recorders-
Hebi Wireless Factory	cooperation
Kaifeng Woolen Mill	Technology and special equipment for spinning and shrinking-compensation trade and joint venture
Xinxiang Wollen Mill	New dyeing technology and equipment for rabbit wool knitting-joint venture with joint capital
Xihua Farm	Low temperature fermenting technology and equipment for making grape wine-joint venture
Nanyang Prefecture	Marble quarrying and processing equipment-joint venture with Italy
Xinxiang Municipal Tannery	Tanning equipment and technology for light goatskin-joint venture with Italy
Hebi Municipality	Raftered tubing for conveyance-cooperation

Most of the above-mentioned projects are light and textile industrial ones, such as wool spinning, garment manufacturing, printing, dyeing, tanning, cigarette making, wine brewing and food packaging projects. Others are coal, alumina and molybdenum mining and marble quarrying projects and handicraft projects such as bianyang embroidering and tang-style pottery manufacturing projects.

During the period of the sixth 5-year plan, in drawing in foreign capital to fund its construction, Henan plans to focus on the following undertakings:

- 1) Coal mining. Henan has rich resources of coal including all the coal varieties. In order to give full play to this favorable conditions, it plans to borrow low-interest foreign loans to fund the construction of coal mines. When the construction is completed, it will repay the loans with the foreign exchange it will get by exporting coal.
- 2) Natural soda mining. In order to exploit the soda mine in Tongbo in a planned manner, the mine may cooperate with foreign industrialists and businessmen by means of receiving low-interest loans from them or by developing compensation trade.
- 3) Small or medium-size projects in light and textile industries, chemical industry, machine building industry, metallurgical industry and electronics industry that require a limited amount of investment, that will bring about economic results in a short period and that can produce goods for export to bring in more foreign exchange. Henan will develop these projects with foreign cooperation in the form of compensation trade, joint ventures with joint capital or cooperative production.
- 4) Construction of gas supply facilities in industrial cities.
- 5) Introducing into the provincial technical services and key technology and equipment for producing new types of packing materials, and building materials.

6) Technical renovation of the existing enterprises.

7) The projects that Henan originally planned to construct but has been forced to suspend or delay the construction of due to shortage of funds.

Besides developing cooperation with foreign businessmen, Henan has also been vigorously developing cooperation with other areas at home. It has signed agreements with Shanghai, Jiangsu, Tianjin and Zhejiang to cooperate in more than 100 projects and thus introduced the equipment, funds and personnel of these provinces and cities into Henan in order to quicken Henan's pace of development.

Judging from Henan's development during the past 3 years, we see that Henan's economy has been developing relatively quickly and the society in Henan has been becoming increasingly prosperous and stable. This is the manifestation of the correctness of the CCP Central Committee's policies. Having the correct policies and having so many rich resources, the province will develop more quickly and soundly with the help of the foreign investment that it will draw in the future.

CSO: 4006/503

PRC ECONOMISTS REVIEW SYSTEM REFORMS DEFINITIONS

HK060612 Hong Kong WEN WEI PO in Chinese 6 Jul 82 p 3

[Special dispatch from Beijing: "Economists Discuss System Reforms"]

[Text] Our country's economic workers and economic theorists have carried out heated discussions on system reforms over the past few years. To further promote discussions on this theoretical issue, which is of great significance, the state system reforms commission and the economic research center under the state council recently held a mobilization meeting. Xue Muqiao, Yu Guangyuan and others spoke at the meeting. The following report summarizes their speeches at the meeting:

In his speech, Xue Muqiao stressed: At present, we primarily focus our attention on discussing the relations between planned economy and market, and on discussing rules and regulations. It is normal to hear differing views during our discussions. It is imperative to have a good style of study for seeking truth from facts.

With regard to the relations between planned economy and market, it is imperative to further discuss the following issues:

1. On the relations between commodity economy and planned economy. Some comrades hold that commodity economy and planned economy are not two diametrically opposed economies. It is true that our socialist economy is essentially a planned economy and is not a commodity economy. However, we cannot say that commodity production, commodity exchange and commodity economy do not exist within socialism. It is imperative to study ways to understand them.

2. On regulation by planning mechanism and regulation by market mechanism. We have always said that it is imperative to integrate regulation by planning mechanism with regulation by market mechanism, and that under the guidance of the state plan, it is imperative to make full use of the regulation by market mechanism. We have also always said that in integrating regulation by planning mechanism with regulation by market mechanism, regulation by planning mechanism should be the main feature while regulation by market mechanism should be a secondary feature. Are these formulations basically correct? Our country's planned economy has been dealt blows over the past 3 years. Did these blows come from regulation by market mechanism or did they result from the failure to simultaneously use the economic lever to guarantee the fulfillment of state plans? How are we to correctly understand them?

3. On the differences among market, market economy and regulation by market mechanism. Planned economy is not market economy. However, planned economy must have a market and must not be antagonistic to the market. Without a market, we still cannot implement our planned economy. The shortcoming in our economic work is not overusing the role played by market but is improperly using the role played by market. The meaning of market is different from the meaning of market economy. The meaning of regulation by market mechanism is different from the meaning of planning, and the meaning of planned economy is different from the meaning of regulation by planning mechanism. It is imperative to restudy our past expressions so as to see whether they are clear and unambiguous.

CSO: 4006/504

Graphite Deposits

AUTHOR: HUANG Cunji [7806 1317 1015]

ORG: Lutang Graphite Mine

TITLE: "Structural Control of the Lutang Graphite Deposit"

SOURCE: Beijing FEIJINGSHU KUANG [NONMETALLIC ORES] in Chinese No 2, 28 May 82
pp 33-37

ABSTRACT: The Lutang graphite deposit [in Hunan Province ?] is rich and famous and has been developed for a long time. There has not been much attention to its structural control condition in the past, however. On the basis of the data gathered by the author in the course of his work in the region of the mine in recent years, he has gradually become aware of the complex tectonic development of the region. Although the deposit is produced from metamorphosis of coal beds, it is definitely not a simple stratified ore body. There are intense curves, swells, constrictions, branches, and other irregular shapes. The mineralization action and the ore morphology are very closely related to the Neocathaysian tectonic system and the direction of extension, the scale, the morphology, the thickness, and the grade of the ore bed are all controlled by the traces of compression structure of the Neocathaysian body, i.e. receiving the various stages of twists and turns of structural control in the north by northeast axial orientation. The geological characteristics of the mining region are described in some detail.

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CSO: 4013/110

Textile Technology

AUTHOR: YAN Haojing [0917 3493 2529]
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ORG: Both of East China Institute of Textile Science and Technology

TITLE: "An Investigation of the Relation Between Dynamic Modulus and Initial Modulus of Textile Fibers"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 1-10

TEXT OF ENGLISH ABSTRACT: In this paper, an investigation of the relation between the dynamic modulus and initial modulus of several textile fibers is presented. The method for measuring the dynamic mechanical properties of the fibers is also studied. Nine samples with different viscoelastic properties are measured on the dynamic meter, consisting of a forced vibration system, erected in our laboratory, together with a BT6 ultra-low frequency characteristics meter and a dynamic resistance strain gauge. Based on the viscoelastic mechanism, an equation that shows the relation between the initial modulus (E_0) and the dynamic properties (E' , $\text{tg}\delta$) is proposed:

$$E_0 = E'(1 - b \text{tg}\delta)$$

where b is a constant. From the experimental data, it is revealed that the relation

[Continuation of HUADONG FANGZHI GONGXUEYUAN XUEBAO No 1, Mar 82 pp 1-10]

is $E = E'(0.8992 - 7.0874 \text{tg}\delta)$. It was shown that the values given by this relation were approximately the same as those actually obtained in tests under controlled conditions.

AUTHOR: XIE Jumo [6200 7467 6206]
SHI Fujin [4258 1381 6930]

ORG: XIE of East China Institute of Textile Science and Technology; SHI of the Shanghai Glove Factory No 1

TITLE: "SZ712 Glove Machine Computer Control System"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 11-18

TEXT OF ENGLISH ABSTRACT: In this paper, a systematic description is made of the SZ712 computer control system for controlling 60 glove machines.

The structure and principle of the system are analyzed, the designing method of the control program and the working principles of the control logic of the machine decoder, input channel, output channel, display unit, restart circuit, etc., are also discussed. In addition, technological and economical benefits obtained through the adoption of this system are also reviewed and described.

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TITLE: "Application of the Theory of Permutation and Combination to Designing Crepe Weavings"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 19-24

TEXT OF ENGLISH ABSTRACT: Crepe weaving is one of the methods widely used in production of crepe fabrics from natural and man-made fibers.

In constructing crepe designs empirical methods are generally employed, e.g., rotation and/or addition of fundamental designs. Theory of permutation and combination is suggested for making crepe designs, which gives full random possibilities for determining desired crepe designs to meet technical requirements. Repeating greater numbers would produce crepe with better effects while requiring only six or eight headshafts.

AUTHOR: CHEN Zhenduo [7115 2182 6995]

ORG: Xinjiang Cotton Textile Mill 71

TITLE: "A Study on the Frictional Force Between Fibers and Card Wires and Its Effect on Carding Properties"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 25-32

TEXT OF ENGLISH ABSTRACT: The frictional force between fibers and card wires is measured experimentally. It is found that the frictional forces are quite different under different card loading conditions. The main factors affecting card loading and the effect of doffer loading on fiber transferring are discussed in detail.

AUTHOR: HUA Danian [5478 1129 1628]

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TITLE: "An Analytical Method Equivalent to that of the Plane Mechanism for the Kinematic Analysis of Some Spatial Linkages in Textile Machinery"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 33-41

TEXT OF ENGLISH ABSTRACT: This paper proposes an analytical method for some spatial linkages which may be converted into equivalent plane linkages with links of variable lengths. By means of such a method, three typical spatial linkages in textile machinery, the RSSR, the RPSSR and the RRSSR mechanisms, are analyzed kinematically and the formulas for calculating the displacements, the velocities and the accelerations are derived respectively. As an example, the kinematic analysis of the RSSR mechanism in weaving machines with multiple arms and its numerical results are presented at the end of the paper.

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TITLE: "The Application of Calculus of Finite Difference to the Calculation of Polymerization Reactions"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 42-50

TEXT OF ENGLISH ABSTRACT: The degree of polymerization of high polymers is a discrete variable. Methods based on finite difference calculus are simple to use and very effective in solving such discrete variable problems. A simplified radical addition polymerization system is analyzed and solved by such methods in obtaining the molecular weight distribution and the k-th moments of the high polymer produced in a batch reactor and a continuously-stirred tank reactor. Such methods are also applicable to copolymerization and other complex polymerization systems.

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TITLE: "The Efficiency of the Beam Drive Transmission in the Slasher"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 51-62

TEXT OF ENGLISH ABSTRACT: The beam drive transmission is one of the main drive mechanisms in the slasher. There are many kinds of them. This paper analyzes the efficiency of four kinds of beam drive transmissions. It is found that the average efficiency of the transmission type GZX₃(P1V) and the friction drive with a differential motion is 2.8 times greater than that of the differential gear system and the friction drive. The former also is energy saving.

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TITLE: "Studies on the State of Orientation of Polyamide 6-Polyethylene Terephthalate Sheath-core Bicomponent Fiber"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 63-71

TEXT OF ENGLISH ABSTRACT: This paper deals with the characterization of the oriented state both in the sheath and in the core of the polyamide 6-polyethylene terephthalate bicomponent fiber under the condition that the individual components need not be separated in advance. This can be done by measuring simultaneously the apparent acoustic orientation factor of the bicomponent fiber, the birefringences and X-ray orientation indices of polyamide sheath and polyethylene terephthalate core. From the experimental results obtained it may be seen that the dependence of orientation on draw ratio and temperature in the polyamide sheath and

[Continuation of HUADONG FANGZHI GONGXUEYUAN XUEBAO No 1, Mar 82 pp 63-71]

polyester core components of conjugated fiber is the same as that of the single polyamide fiber and the single polyester fiber respectively. This orientation characterization method may also be applied to other kinds of bicomponent fibers for the same purpose.

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TITLE: "The Computer Drawing of Dress Sheet Profile"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 72-80

TEXT OF ENGLISH ABSTRACT: In this paper, the following problems of computer drawing of dress sheet profiles are discussed:

- (1) The choosing of original data sample plate profile;
- (2) The establishing of mathematic model for dress sheet profile;
- (3) The programming of dress sheet profile.

A number of sketches are attached.

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TITLE: "Designing and Formulas of Digital Controller for Deadtime Dominated Processes"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 81-92

TEXT OF ENGLISH ABSTRACT: The discreted control theory is used to discuss the two methods to design the digital controllers for the deadtime dominated processes, accompanied by some calculating formulas and tables. The transient response and the stability of such systems are analyzed.

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TITLE: "Determination of Moisture Regain of Textiles by Microwave"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA
INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 93-98

TEXT OF ENGLISH ABSTRACT: The principles and method of determination of moisture regain of textiles by means of microwave attenuation have been described. Experimental data reveal that:

1. In the practical range of moisture regain of textiles, a linear relation exists between the regain and the attenuation of the microwave penetrating the textile samples. After the instrument has been calibrated, the textile regain can readily be determined in accordance with the amount of attenuation recorded.
2. In the course of continuous measurement, the instrument does not contact the samples, so there is no possibility of destroying them. The response time will not exceed some order of *ms*, therefore it is suitable for employment in the regain control in production lines, such as for warp sizing, cloth drying, paper making, etc.

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TITLE: "The Nonwoven Fabrics from Silk Made in Ancient China"

SOURCE: Shanghai HUADONG FANGZHI GONGXUEYUAN XUEBAO [JOURNAL OF EAST CHINA
INSTITUTE OF TEXTILE SCIENCE AND TECHNOLOGY] in Chinese No 1, Mar 82 pp 99-103

TEXT OF ENGLISH ABSTRACT: Nonwoven textile fabrics are defined as textile structures "produced by bonding or interlocking of fiber in the form of a web, followed by mechanical, and/or chemical means, without undergoing the processes of spinning, weaving or knitting." Since the modern nonwoven fabrics made their appearance in the 1930's, they have become famous for their unique and varied style. It is documented that China--the ancient silk country--began to make "natural" nonwoven fabrics from silk more than 1000 years ago.

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